



# KAZIA THERAPEUTICS LIMITED

ACN 063 259 754

## EMPLOYEE SHARE OPTION PLAN RULES

Updated 10 November 2021



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# KAZIA THERAPEUTICS LIMITED ACN 063 259 754

## RULES OF THE KAZIA THERAPEUTICS LIMITED EMPLOYEE SHARE OPTION PLAN

### 1. INTERPRETATION AND OBJECT

#### 1.1 Definitions

In these Rules, unless the context otherwise requires:

"**Associated Company**" means:

- a) any company that is a related body corporate of the Company; or
- b) any company in which the Company has voting power in no less than 50% of the voting shares;

"**ASTC**" means ASX Settlement and Transfer Corporation Pty Ltd;

"**ASX**" means ASX Limited;

"**Board**" means the board of Directors of the Company from time to time;

"**Business Day**" means a day which is a "business day" for the purposes of the Listing Rules;

"**Change of Control Event**" occurs:

- a) where, as a result of any takeover bid, scheme of arrangement or any other event or transaction, a person or entity becomes entitled to more than 50% of the Shares or to all or substantially all of the Group's business and assets (provided that no sale or transfer undertaken in respect of an internal reorganisation of the structure, business or assets of the Group shall constitute a Change of Control Event); or
- b) any other event determined by the Board to constitute a "Change of Control Event" for the purposes of these Rules (excluding, for the avoidance of doubt, an internal reorganisation of the structure, business or assets of the Group)

"**CHESS**" means the Clearing House Electronic Subregister System operated by ASTC, and includes any applicable clearing and settlement facility that is a prescribed CS facility under the Corporations Act.

"**Committee**" means the Board or, if a committee is appointed by the Board as contemplated by clause 2.1, that committee;

"**Company**" means Kazia Therapeutics Limited ACN 063 259 754;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Director**" means a director of the Company from time to time;

"**Employee**" means any employee, long term contractor (full time or part time), officer or director of the Company or an Associated Company, or any other person so designated by the Committee;

**"Equivalent Number of Shares"** means a number of Shares calculated in accordance with clause 5.10;

**"Exercise Condition"** means, in respect of an Option, one or more conditions which must be met before the Option may be exercised;

**"Exercise Price"** means in respect of an Option, the amount payable on exercise of the Option determined in accordance with clauses 2.3 and 3.1 in relation to that Option (as adjusted under clause 6);

**"Group"** means the Company and all Associated Companies;

**"Holder"** means in respect of an Option, the person registered as holder of the Option in the register of options maintained by the Company;

**"Law"** means the laws applicable to the operation of the Plan from time to time, including any applicable Shares laws of the jurisdiction in which an Employee receiving an invitation under the Plan is located;

**"Listing Rules"** means the listing rules of ASX as they may apply to the Company from time to time;

**"Option"** means an entitlement to acquire a Share, subject to the satisfaction of any applicable Exercise Condition(s) and compliance with the applicable exercise procedure (including payment of the Exercise Price, if any) on the terms and conditions determined by the Committee;

**"Option Period"** means, in respect of an Option, the period starting on the date on which the Company grants the Option and ending, unless another period is specified in the invitation made in relation to that Option under clause 3:

- a) on the fifth anniversary of that date; or
- b) at the end of any other period permitted by Law that the Committee may from time to time determine for the purposes of this definition;

**"Participant"** means an Employee who has been allocated an Option under these Rules from time to time (or an Employee's Permitted Nominee who has been allocated an Option under these Rules). If the Holder is a Permitted Nominee, references to "Participant" in these rules may be references to the Employee (who received the initial invitation) or their Permitted Nominee as required by the context;

**"Permitted Nominee"** has the meaning set out at clause 4.3(a);

**"Plan"** means the Kazia Therapeutics Limited Employee Share Option Plan established in accordance with these Rules;

**"Record Date"** has the meaning given to it by the Listing Rules;

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

**"Share"** means a fully-paid ordinary share in the Company

**"Share Trading Policy"** means the policy operated by the Company that applies from time to time in respect of dealing in Shares;

**"Share Trust"** means a trust established by the Company to hold Shares on behalf of employees and directors of the Company and its subsidiaries;

**"Taxes"** means any tax, levy, contribution or duty (including any associated penalty or interest amount), social security liability or other liability imposed by any Law, governmental, semi-governmental, judicial

or other authority;

**"Trading Rules"** means the Listing Rules, any other rules of ASX applying to the Company while it is admitted to the official list of ASX, and the ASTC settlement rules (or other operating rules) as amended or replaced from time to time;

**"Trustee"** means the trustee from time to time of the Share Trust; and

**"Vesting Period"** means, in respect of an Option, the period of two years after the date of grant or another period determined by the Committee (either generally or in a particular case).

## 1.2 General

In these Rules, unless the context otherwise requires:

- a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision;
- b) the singular includes the plural and vice versa;
- c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government and vice versa;
- d) a reference to any gender includes all genders;
- e) a reference to a clause, schedule or annexure is to a clause, schedule or annexure of or to these Rules;
- f) a schedule or annexure forms part of these Rules;
- g) a reference to any agreement or document (including, without limitation, these Rules) is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
- h) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- i) a reference to a "related body corporate" of a body corporate is to a body corporate which is related to that body corporate within the meaning of section 50 of the Corporations Act;
- j) a reference to an "associate" of a person is to:
  - i) a person acting in concert with the first person,
  - ii) a person controlled, directly or indirectly, by the first person, or
  - iii) a person who acts in accordance with the directions, instructions or wishes of the first person,

in respect of the matter to which the reference to an associate relates

- k) a reference to "dollars" or "\$" is to Australian currency;
- l) a reference to bankruptcy or winding up includes bankruptcy, winding up, liquidation, dissolution, becoming an insolvent under administration (as defined in section 9 of the

Corporations Act), the appointment of an administrator and the occurrence of anything analogous or having a substantially similar effect to any of those conditions or matters under the law of any applicable jurisdiction, and to the procedures, circumstances and events which constitute any of those conditions or matters; and

- m) a reference to "amendment" includes addition, alteration, deletion, extension, modification and variation.

### **1.3 Headings**

In these Rules, headings are for convenience of reference only and do not affect interpretation.

### **1.4 Object of Plan**

The object of the Plan is to assist in the recruitment, reward, retention and motivation of employees of the Group.

## **2. ADMINISTRATION**

### **2.1 Committee's authority**

The Board or a committee appointed by the Board for the purpose under the constitution of the Company may manage and administer the Plan for the Company and the Committee has all powers necessary to do so.

### **2.2 Determination of eligibility**

The Committee may from time to time in its absolute discretion decide:

- a) that an Employee is eligible to participate in the Plan;
- b) whether or not the Employee is already a Holder, the number of Options for which the Employee may at that time be invited to apply for or receive (as applicable);
- c) the Exercise Conditions (if any) to be applicable to the Options for which the Employee may at that time be invited to apply for or receive.

In making these determinations, the Committee must consider:

- a) the Employee's position with the Group and the services provided to the Group by the Employee;
- b) the Employee's record of employment or service with the Group;
- c) the Employee's potential contribution to the growth of the Group;
- d) any other matters which tend to indicate the Employee's merit; and
- e) the terms of any offer made to the Employee to become an employee.

### **2.3 Determination of price**

When the Committee decides to invite an Employee to apply for or receive an Option, it must, in its



absolute discretion (but subject to clause 6), also determine the Exercise Price for that Option subject to any restrictions in the Listing Rules.

## **2.4 Disputes**

Any dispute or difference of any nature arising in relation to the Plan:

- a) must be referred to the Committee;
- b) the Committee's decision on that dispute or difference is final and binding on the Company, the Participants and the Holders in all respects.

## **2.5 Directions from Board**

The Board may at any time and from time to time:

- c) give directions to the Committee as to the manner of the exercise by the Committee of any of its discretions under these Rules or the Plan; and
- d) amend any of those directions,

and where the Board has given such a direction, the Committee must exercise the relevant discretion in accordance with that direction.

## **2.6 Share Trust**

The Committee may, at its discretion, determine to establish, implement and operate a Share Trust for the purposes of acquiring, holding and allocating Shares on behalf of Participants.

# **3. METHOD OF INVITATION**

## **3.1 Invitations**

The Committee may from time to time invite an Employee to apply for or accept a grant of Options by providing the Employee with a letter or document (in any form) setting out the terms and conditions of the Options that the Employee is invited to apply for or accept.

- a) The invitation must specify:
  - i) the date of the invitation;
  - ii) the date the Options will be granted or how that date will be determined
  - iii) the Participant;
  - iv) the number of Options for which the Participant is invited to apply, or the method by which the number will be calculated;
  - v) the amount payable (if any) by the Participant as consideration for the grant of Options and the terms of its payment (which may include the circumstances in which the Company must refund some or all of that amount);

- vi) the Exercise Price for each Option and where the Exercise Price is to be worked out in the future under a formula, the formula for determining the Exercise Price and an example based on the dollar equivalent of that price were that formulae applied at the date of the invitation;
  - vii) the Vesting Period for each Option;
  - viii) the Option Period for each Option;
  - ix) the Exercise Conditions (if any) determined by the Committee to be applicable in respect of each Option;
  - x) how the Company will during the Option Period, within a reasonable period of the Participant so requesting, make available to the Participant, the current market price of Shares;
  - xi) the method and form of applying for, accepting, or rejecting the invitation; and
  - xii) any other terms applying to Options.
- b) must include with the invitation a copy, or a summary, of these Rules; and
  - c) must undertake in the invitation that during the Option Period, within a reasonable period of the Participant, so requesting:
    - i) if the invitation is accompanied by a summary of these Rules, the Company will provide the Participant, without charge, with a copy of these Rules;
    - ii) the Company will make available to the Participant the current market price of Shares.

#### **4. GRANT OF OPTIONS**

##### **4.1 Terms of the grant of Options**

By applying for or accepting the grant of Options (as applicable), an Employee agrees to be bound by:

- a) these Rules;
- b) any terms and conditions of the Grant Letter;
- c) the constitution of the Company;
- d) the Share Trading Policy and any other relevant Company policy,

including any modifications applicable from time to time.

Nothing limits the Committee's ability to treat the conduct of an Employee (including failure to return an "opt out" form or other election not to participate within the specified time) as valid agreement to participate in the relevant grant of Options.

## **4.2 Grant of Options**

Subject to the application of clause 4.3, if an Employee applies for a grant of Options and the Committee in its sole discretion accepts that application, or an Employee accepts a grant of Options, the Company will grant the relevant Options to the Participant.

## **4.3 Right to nominate**

- a) Unless otherwise expressly permitted in an invitation, Options may only be granted Options in the Employee's name and not on behalf of any other person or entity. If the Employee is permitted in an invitation to apply for Options and the Committee resolves to allow a renunciation of an invitation in favour of an Employee's nominee, the Employee may nominate another person or entity to be granted the Options the subject of their invitation (**Permitted Nominee**). If such nomination is not permitted in the invitation or the Committee does not in its sole discretion approve the nomination, the Committee may reject an application submitted in the name of the nominated person or entity.
- b) Upon a Permitted Nominee applying for a grant of Rights, both the Employee (who received the initial invitation) and the Permitted Nominee will agree to be bound by the documents referred to in clause 4.1.

## **4.4 Invitation terms and conditions take precedence**

To the extent of any inconsistency, the terms and conditions advised to an Employee in an invitation will prevail over any provision of these Rules.

## **5. EXERCISE AND SETTLEMENT OF OPTIONS**

### **5.1 Satisfaction of Exercise Conditions**

The Committee will determine the extent to which any applicable Exercise Conditions (if any) have been satisfied after the end of the Vesting Period and notify Participants of the extent to which any applicable Exercise Conditions have been satisfied and the date Options became exercisable or will become exercisable. To the extent that the Committee determines that any applicable Exercise Conditions have not been satisfied, the Option subject those Exercise Conditions shall lapse.

### **5.2 Exercise of Options**

Subject to the satisfaction of any applicable Exercise Conditions, the terms of the invitation and the Share Trading Policy, the Participant may exercise any Option granted to the Participant under clause 4.2 (that is capable of exercise pursuant to clause 5.1) only:

- a) prior to the Option lapsing pursuant to clause 5.7;
- b) by giving a notice and doing all the other things required by clause 5.3 during that time.

### **5.3 Notice of exercise**

Subject to clause 5.10, to exercise an Option the Participant must give a notice specifying that it exercises the Option to the Company accompanied by payment of the full amount of the Exercise Price in accordance with clause 5.4. Exercise of an Option is only effective when the Company receives full value for the full amount of the Exercise Price.

### **5.4 Payment**

All payments of the Exercise Price for an Option must be made by cheque, bank draft or postal order made out in favour of the Company.

### **5.5 Settlement**

Subject to clause 5.10 and any applicable restriction imposed by the Share Trading Policy (or Law), not more than ten Business Days after the exercise of an Option becomes effective, the Company must allot and issue or procure the transfer of the relevant number of Shares for the exercised Options to the Participant.

### **5.6 Shares allotted upon exercise of Options**

All Shares allotted and issued following the exercise of Options, upon allotment rank pari passu in all respects (including as to dividends the entitlement to which is determined after the allotment) with those then issued fully paid Shares which are entitled to participate in full in any dividend and are subject to the constitution of the Company.

### **5.7 Lapse**

Each Option lapses on the first of the following circumstances or events to occur:

- a) on exercise of the Option under clause 5.2;
- b) if the Option is not exercised under clause 5.2 during the Option Period, at the end of the Option Period;
- c) if the Participant:
  - i) subject to clause 12.2, dies;
  - ii) ceases to be an Employee during the Vesting Period; or
  - iii) subject to clause 13, ceases to be an Employee after the Vesting Period and the Option is not exercised within 30 Business Days after that happens;
- d) if the Company commences to be wound up; or
- e) any other circumstance or event described in the Rules or the invitation that has the effect of lapsing an Option.

### **5.8 Listing on ASX**

The Shares to be issued to any Participant upon exercise of an Option will not be quoted on any stock exchange on which the Shares of the Company are quoted until the Option is exercised, at which time the Company must apply to the ASX (and any other stock exchange on which the Shares of the Company are quoted) for, and will use its best endeavours to obtain, quotation for those Shares.

## 5.9 No additional rights

Except where expressly provided:

- a) Except where expressly provided the rights and obligations of any Participant under the terms of their office, employment or contract with the Company are not affected by their participation in the Plan;
- b) Except where expressly provided, these Rules will not form part of and are not incorporated into any contract between any Participant (whether or not they are an Employee) and the Company. The grant of Options on a particular basis in any year does not create any right or expectation of the grant of Options on the same basis, or at all, in any future year; and
- c) The Plan does not give a Participant any additional rights to compensation or damages as a result of the termination of employment, engagement or appointment or any right to compensation or damages for any loss in relation to the Plan.

## 5.10 Net settlement

Notwithstanding clauses 5.2 or 5.5, provided that such discretion is explicitly stated in an invitation, exercised Options may, at the discretion of the Committee, be satisfied by an allocation of the Equivalent Number of Shares, to or for the benefit of, the Participant. Where the Committee determines to satisfy Options that have been exercised by an allocation of the Equivalent Number of Shares, the Participant is not required to pay the Exercise Price. The Equivalent Number of Shares is determined as:

$$N \times (MV - EP)$$

*Divided by*

$$MV$$

Whereby:

N is the number of Options exercised

MV is the market value per Share at the date an Option is Exercised

EP is the Exercise Price

The Committee retains discretion as to how the market value of Shares is calculated for the purposes of this clause 5.10.

## 5.11 Restrictions on Shares

Subject to the terms of the Share Trading Policy and terms of the invitation, no other restrictions shall apply to any Shares allocated under the Plan.

## **6. ADJUSTMENTS**

### **6.1 New issues**

Where after the Vesting Period and before the end of the Option Period the Company gives holders of Shares the right (pro-rata with existing shareholdings) to subscribe for additional securities and the Option is not exercised as contemplated in clause 6.2, the Exercise Price of an Option after the issue of those securities is adjusted in accordance with the formula set out in schedule 1.

### **6.2 Rights/entitlements issues**

Where after the Vesting Period but during the Option Period of an Option, the Company makes a pro rata offer or invitation to holders of Shares of securities of the Company or any other entity, the Company must give the Participant notice not less than 9 Business Days before the Record Date to determine entitlements to receive that offer or invitation to enable the Participant to exercise the Option and receive that offer or invitation in respect of the Shares allocated on exercise of the Option.

### **6.3 Pro-rata bonus issues**

Where during the Option Period the Company makes a pro-rata bonus issue to holders of Shares and an Option is not exercised before the Record Date to determine entitlements to that bonus issue, the number of securities to be allocated on exercise of the Option is the number of Shares before that bonus issue plus the number of securities which would have been allocated to the Holder if the Option had been exercised before that Record Date.

### **6.4 Sub-division or consolidation**

Where during the Option Period the Company subdivides or consolidates its Shares, the Options must be subdivided or consolidated {as the case may be) in the same ratio as the Shares and the Exercise Price must be amended in inverse proportion to that ratio.

### **6.5 Return of capital**

Where during the Option Period the Company makes a return of capital, the number of Options remains the same, and the Exercise Price of each Option is reduced by the same amount as the amount returned in relation to each Share (or in relation to a number of Shares equal to the number of Shares to be allocated on exercise of the Option if that number is not 1).

### **6.6 Cancellation of capital that is lost**

Where during the Option Period the Company makes a cancellation of any paid up share capital that is lost or not represented by available assets, the number of Options and the Exercise Price of each Option is unaltered.

### **6.7 Pro rata cancellation of capital**

Where during the Option Period the Company reduces its issued capital on a pro rata basis, the number of Options must be reduced in the same ratio as the Shares and the Exercise Price of each Option must be amended in inverse proportion to that ratio.

### **6.8 General reorganisation**

Where during the Option Period the Company reorganises its issued capital in any way not contemplated by this clause 6, the number of Options or the Exercise Price, or both, must be reorganised so that the Participant will not receive a benefit that holders of Shares do not receive.

#### **6.9 Notice of adjustment**

The Company must give notice to Holders of any adjustment to the number description or items of security which are to be allocated on exercise of an Option or to the Exercise Price in accordance with the applicable Listing Rules.

#### **6.10 Listing Rules**

Each adjustment contemplated by the provisions of this clause 6 is subject to its being consistent with the Listing Rules. The Company may amend the terms of any Option, or the rights of any Holder under this Plan, to comply with the Listing Rules applying at the time to any reorganisation of capital of the Company,

#### **6.11 Cumulative adjustments**

Each adjustment provided for in clauses 6.1 to 6.8 (inclusive) is to be made to either or both the Shares and the Exercise Price in respect of each Option granted and unexercised at the time the relevant clause applies on each occasion during the Option Period of the Option that the relevant clause applies.

#### **6.12 Rounding**

Before an Option is exercised under clause 5.2, all adjustment calculations are to be carried out including all fractions (in relation to both the Shares and the Exercise Price of the Option), but on exercise the number of Shares allocated is rounded down to the next lower whole number and the Exercise Price rounded up to the next higher cent.

### **7. DIVESTMENT OF MATERIAL BUSINESS OR SUBSIDIARY**

#### **7.1 Divestment of material business or subsidiary**

Where the Company divests, or disposes of, a business or asset designated by the Committee for this purpose as 'material', the Committee may make rules that apply to Participants in relation to the Options (and any other entitlements or Shares that may arise in relation to those Options). Without limiting the Committee's discretion, such rules may include:

- a) Varying the Exercise Condition (or Exercise Conditions) applying to the Participant's Options to take into account the divestment of the business or asset (if applicable); and
- b) Deeming the Participant to remain an Employee of the Group for a specific period.

#### **7.2 Notification to Participants**

Any Participant impacted by any rules determined by the Committee pursuant to clause 7.1 must be notified as soon as reasonably practicable after those rules are determined by the Committee in order for those rules to bind the Participant.

## **8. CHANGE OF CONTROL EVENT**

### **8.1 Options subject to Exercise Conditions**

Subject to all applicable Laws and the terms of an invitation, if a Change of Control Event occurs, all of the Participant's Options that are subject to Exercise Conditions will become exercisable.

### **8.2 Options not subject to Exercise Conditions**

Subject to all applicable Laws and the terms of an invitation, if a Change of Control Event occurs, where Options are not subject to Exercise Conditions (including Options that satisfy or are deemed to have satisfied any Exercise Conditions pursuant to clause 8.1), the Participant shall have 20 Business Days from the occurrence of the Change of Control Event, or such other period as the Committee determines, in which to exercise the Options (in accordance with the exercise procedure set out in clause 5). Any Options not exercised within this period shall lapse.

### **8.3 Notification to Participants**

If a Change of Control Event occurs the Company must notify all affected Participants as soon as practicable.

## **9. DURATION OF THE PLAN**

### **9.1 Discretionary**

The Plan continues in operation until the Committee decides to terminate or discontinue it.

### **9.2 Suspension**

The Committee may decide to suspend the operation of the Plan either for a fixed period or indefinitely and may also decide to end any period of suspension.

### **9.3 No prejudice**

If the Plan terminates or is discontinued or suspended for any reason, that does not prejudice the accrued rights of Holders or Participants.

## **10. AMENDMENT OF THE PLAN**

### **10.1 Consistency with Trading Rules**

If the Company is either (or both) admitted to the official list of ASX or a member of CHESSE, the following provisions apply (unless ASX or ASTC waives the relevant Trading Rule in writing);

- a) despite anything contained in this Plan, if the Trading Rules prohibit an act being done, the act must not be done;



- b) nothing in this Plan prevents an act being done that the Trading Rules require to be done;
- c) if the Trading Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- d) if the Trading Rules require this Plan or the terms of the issue of the Options to contain a provision and they do not contain such a provision, this Plan or the terms of issue of the Options (as the case may be) are taken to contain that provision;
- e) if the Trading Rules require this Plan or the terms of the issue of the Options not to contain a provision and they contain such a provision, this Plan or the terms of issue of the Options (as the case may be) are taken not to contain that provision; and
- f) if any provision of this Plan or the terms of the issue of the Options are or become inconsistent with the Trading Rules, this Plan or the terms of issue of the Options (as the case may be) are taken not to contain that provision to the extent of the inconsistency.

## **10.2 By the Committee**

Subject to clause 10.3, the Committee may at any time and from time to time by resolution:

- a) amend all or any of these Rules or all or any of the rights or obligations of the Participants or Holders or any of them; and
- b) formulate (and subsequently amend) special terms and conditions, in addition to those set out in these Rules, to apply to Participants employed in, resident in, or who are citizens of, a particular jurisdiction.

## **10.3 Listing Rules**

The Committee's exercise of its powers under clause 10.1 is subject to any restrictions or procedural requirements relating to the amendment of the terms of an employee incentive scheme or of issued options imposed by the Listing Rules and applicable to the Plan or the Options, as the case may be, unless those restrictions or requirements are relaxed or waived by ASX or any of its delegates either generally or in a particular case or class of cases and either expressly or by implication.

## **10.4 Hardship**

The Committee may, if it reasonably forms the opinion that the operation of any term of an Option or of this Plan is or may be unfair, harsh or unconscionable for any Participant in the circumstances relating to that Participant, alter, amend or vary that term or its operation by notice in writing to the affected Participant.

## **11. NOTICES AND CORRESPONDENCE**

### **11.1 To the Company**

Any notice required to be given by a Holder or Participant to the Company or the Committee or any

correspondence from a Holder or Participant to the Company or the Committee in connection with the Plan must be in writing signed by (or on behalf of) the person giving it and must be given or made to the principal place of business of the Company or any other address of which the Company gives notice.

## **11.2 To a Participant**

Any notice required to be given by the Company or the Committee to a Holder or Participant or any correspondence from the Company or the Committee to a Holder or Participant in connection with the Plan must be in writing and must be given or made by a person authorised by the Committee on behalf of the Company or the Committee to the place of employment of the relevant person or to the last address of that person given to the Company.

## **12. TRANSFER OF THE OPTION**

### **12.1 No transfer**

Each Option is personal to the Participant and is not transferable, transmissible, assignable or chargeable, except in accordance with clause 12.2 or with the prior written consent of the Committee.

### **12.2 Death**

If the Participant dies after the Vesting Period and before the end of the Option Period, with the written approval of the Committee in its absolute discretion, the Option may (but only at a time permitted by the approval and in accordance with any conditions specified in the approval) be exercised by the legal personal representatives of the Participant in accordance with clause 5.2 and to the extent necessary for this to occur, the Option may be transferred to the legal personal representatives and does not lapse.

## **13. IMPACT OF TERMINATION OF EMPLOYMENT AFTER VESTING PERIOD**

If the Participant ceases to be an Employee after the Vesting Period and before the end of the Option Period, the Committee may in its absolute discretion (on any conditions which it thinks fit) decide that the Option does not lapse under clause 5.7(c) (iii) but lapses at the time and subject to the conditions it may specify by notice to the Participant. In making a decision under this clause, the Committee may consider any relevant matter (including, without limitation, whether the Participant ceased to be an Employee by reason of retirement, ill-health, accident or redundancy).

## **14. MALUS AND CLAWBACK**

### **14.1 Actions of a Participant**

Where, in the opinion of the Committee, a Participant has obtained, or may obtain, an unfair benefit as a result of his or her act (whether intentional, inadvertent, direct or indirect) which:

- (a) constitutes fraud, or dishonest or gross misconduct in relation to the affairs of the Group or any member of the Group;

- (b) brings the Group or any Group Company into disrepute;
- (c) is in breach of his or her obligations to the Group, including compliance with any applicable Company policy;
- (d) constitutes a failure to perform any other act reasonably and lawfully requested of the Participant;
- (e) has the effect of delivering strong Company performance in a manner which is unsustainable or involves unacceptably high risk, and results or is likely to result in a detrimental impact on Company performance following the end of the Vesting Period,

the Committee may exercise its discretion under clause 14.3 to ensure that no unfair benefit is obtained.

## **14.2 Actions of any person**

Where, in the opinion of the Committee, a Participant has obtained, or may obtain, an unfair benefit or has sustained, or may sustain, a loss as a result of an act of any person (whether intentional, inadvertent, direct or indirect) which constitutes fraud, dishonesty, breach of obligations (including, without limitation, a material misstatement of financial information), gross incompetence or which has the effect of delivering strong Company performance in a manner which is unsustainable or involves unacceptably high risk, and results or is likely to result in a detrimental impact on Company performance following the end of the Vesting Period, then if an Option:

- (a) which would not have otherwise become exercisable, becomes exercisable or may become exercisable, the Committee may exercise its discretion under clause 14.3 to ensure that no unfair benefit is obtained;
- (b) which may otherwise have become exercisable, does not become exercisable, the Committee may reconsider the satisfaction of the applicable Exercise Condition(s) and reinstate that option and determine it to be exercisable if that Option that may have lapsed to the extent that the Committee determines appropriate in the circumstances or make a new grant of Options that reflect the terms of the original Option.

## **14.3 Committee's powers in relation to Options**

In the circumstances set out in clauses 14.1 and 14.2 above, the Committee may, in its absolute discretion, and subject to applicable Laws, determine any treatment in relation to an Option, including, without limitation, to:

- (a) reset the Exercise Condition(s) and/or alter the Vesting Period applying to the Option;
- (b) deem all or any Options which have not become exercisable to have lapsed;
- (c) deem all or any Shares allocated following exercise of an Option to not be subject to any further restrictions under this Plan; and / or
- (d) where Shares that have been allocated to a Participant under the Plan have been subsequently sold, require that the Participant repay the net proceeds of such a sale.

## **15. AGENT**

### **15.1 Appointment of agent**

Each Participant appoints the company secretary of the Company (or any other officer of the Group authorised by the Committee for this purpose) as his or her agent to do anything necessary to:

- (a) allocate Shares to the Participant in accordance with these Rules; and
- (b) execute transfers of Shares in accordance with these Rules.

## **16. TAX**

### **16.1 Responsibility for Taxes payable by a Participant**

Unless otherwise required by Law, no member of the Group is responsible for any Taxes which may become payable by a Participant as a consequence of or in connection with the grant of any Options, the allocation or transfer of any Shares or any dealing with any Options or any Shares.

### **16.2 Right to withhold or collect**

The Company, any member of the Group or the Trustee will have the right to withhold or collect from a Participant such Taxes as any member of the Group or the Trustee is obliged, or reasonably believes it is obliged, to account for to any taxation authority. In exercising this right, the Company, any Group member or the Trustee may:

- a) Require the Participant to provide sufficient funds (by way of salary deduction or otherwise); or
- b) sell Shares to be issued or transferred to the Participant, including the sale of sufficient Shares to cover any costs of such sale.

## **17. DATA PROTECTION**

Subject to any Laws and Group policy, by participating the Plan, the Participant consents to the holding and processing of personal data provided by the Participant to the Group or a plan administrator, for all purposes with regard to the operation of these Rules. These include, but are not limited to:

- a) administering and maintaining Participant records;
- b) the Trustee;
- c) providing information to the Share registry or any entity that maintains a register of the Group's holders from time to time;
- d) any brokers, printers or third-party plan administrator (as applicable); and

- e) providing information to any regulatory authority (or any other person or body) where required under Law.

## **18. LAWS GOVERNING PLAN**

The Plan and any Options granted and Shares allocated under it are governed by the laws of New South Wales and the Commonwealth of Australia. Any agreement made under the Plan is entered into in the State of New South Wales and each Participant submits to the exclusive jurisdiction of the courts of that State to determine matters arising under the Plan.

## SCHEDULE 1

$$O' = O - E \frac{[P - (S + D)]}{N + 1}$$

Where:

- O' = the new Exercise Price of the Option or the Minimum Price, whichever is the greater.
- O = the old Exercise Price of the Option.
- E = the number of Shares into which an Option is exercisable.
- P = the average closing price (excluding special crossings, overnight sales and exchange traded option exercises) on the Stock Exchange Automated Trading System provided for the trading of securities on ASX of Shares (weighted by reference to volume) during the 5 trading days before the ex rights date or ex entitlements date.
- S = the subscription price for one security under the renounceable rights or entitlements issue,
- D = the dividend due but not yet paid on existing Shares (except those to be issued under the renounceable rights issue or entitlements issue).
- N = number of Shares with rights or entitlements required to be held to receive a right to one new security.

## Schedule 2 United States Schedule

The provisions in this Schedule 2, in addition to the main Rules, govern and will be incorporated into offers of Options to US Taxpayers, notwithstanding any other provisions of the Plan to the contrary.

### 1. Interpretation and Definitions

#### 1.1 Interpretation

The main Rules and this Schedule 2 are complementary to each other and shall, with respect to Options offered to US Taxpayers, be read and deemed as one. In the event of any inconsistency, whether explicit or implied, between the provisions of the main Rules and the provisions of this Schedule 2, the provisions of this Schedule 2 will prevail.

#### 1.2 Definitions

All capitalised terms used in this Schedule 2 shall have the meanings ascribed to them in the main Rules. Additional terms and expressions used in this Schedule 2 have the following meanings

|                         |   |
|-------------------------|---|
| Code                    | The United States Internal Revenue Code of 1986, as amended, and any applicable regulations and administrative guidelines thereunder.   |
| Fair Market Value       | With respect to a Share, the fair market value of a Share as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse, and in a manner compliant with the requirements of Section 409A. |
| Grant Date              | The date on which Options are granted to a US Taxpayer (and the recipient of the grant of the Options has acquired a legally binding right to the Options).   |
| ISO                     | An Option intended to be an “incentive stock option” within the meaning of Section 422 of the Code. Options granted to a US Taxpayer pursuant to the Plan will be treated as NQSOs unless expressly designated as ISOs in an Invitation Letter.                       |
| NQSO                    | An Option offered to a US Taxpayer pursuant to the Plan that is not expressly designated in an Invitation Letter as an “incentive stock option” within the meaning of Section 422 of the Code.  |
| Parent Corporation      | Has the meaning set out in Section 424 of the Code.   |
| Section 409A            | Section 409A of the Code.   |
| Subsidiary Corporation  | Has the meaning set out in Section 424 of the Code.   |
| US Participant          | A US Taxpayer who has been allocated an Option under the Plan.  |
| US Taxpayer             | A person who is subject to the federal income tax laws of the United States.  |
| US Treasury Regulations | The United States Treasury Regulations promulgated pursuant to the Code.  |

## **2. Options**

### **2.1 Grant of Options to US Taxpayers**

- 2.1.1 The Board may grant US Taxpayers Options which are designated as ISOs or NQSOs.
- 2.1.2 Notwithstanding any provision of the main Rules of the Plan, Options may only be granted in the name of a US Taxpayer personally (and not to their Permitted Nominee).

### **2.2 Exercise Price**

- 2.2.1 The Exercise Price of an Option will be no less than the Fair Market Value of a Share on the Grant Date.
- 2.2.2 Notwithstanding clause 2.2.1 of this Schedule 2, the Exercise Price of an ISO granted to a ten-percent shareholder (within the meaning of Section 422(b)(6) of the Code), will be no less than 110% of the Fair Market Value of a Share on the Grant Date.

### **2.3 Adjustments to terms of NQSOs**

- 2.3.1 Notwithstanding anything contained in the main Rules of the Plan to the contrary, including (without limitation) clause 6, the instances in which there may be a substitution of a new NQSO for an outstanding NQSO, pursuant to a corporate transaction or in which there may be an assumption of an outstanding NQSO pursuant to a corporate transaction shall be limited to those corporate transactions authorized by the Plan but shall be further limited to only those corporate transactions described in Section 1.424-1(a)(3) of the US Treasury Regulations.
- 2.3.2 In any instance in which NQSOs are substituted pursuant to a corporate transaction, or in any instance in which an outstanding NQSO is assumed pursuant to a corporate transaction, the number of Shares and the Exercise Price (per Option) covered by the substituted NQSO or assumed NQSO shall be adjusted in accordance with the principles set forth in Sections 1.424-1(a)(5) and 1.409A-1(b)(5)(v)(D) of the US Treasury Regulations.
- 2.3.3 In no event shall the exercise period of an NQSO be extended, for any purpose or reason, to a date that is later than the earlier of:
  - a) the date on which the NQSO would lapse by its original terms; and
  - b) the tenth anniversary of the original Grant Date.

### **2.4 Transferability of Options**

- 2.4.1 Notwithstanding any provision of the main Rules of the Plan, Options shall not be transferable except in the instances set out in clause 12.2 of the main Rules or by force of Law.

## **3. Additional provisions applicable to ISOs**

### **3.1 Eligibility**

- 3.1.1 Notwithstanding any provision of the main Rules of the Plan, an ISO may only be granted to a US Taxpayer who is an employee (within the meaning of Section 422 of the Code) of:
  - a) the Company; or
  - b) a Parent Corporation or a Subsidiary Corporation of the Company.



### **3.2 Shares issued pursuant to the exercise of ISOs**

3.2.1 A maximum of 13,000,000 Shares may be issued under this Schedule 2 pursuant to the exercise of ISOs.

### **3.3 ISO Fair Market Value limitation**

3.3.1 To the extent that the aggregate Fair Market Value (determined at the Grant Date for an ISO) of the Shares with respect to which ISOs are exercisable for the first time by the US Participant (under all equity compensation arrangements or schemes operated by the Group) exceeds US\$100,000 during any calendar year, the Options that exceed such limit shall be treated as NQSOs in accordance with Section 422 of the Code, notwithstanding any contrary provision of the main Rules, this Schedule 2 or an Invitation Letter.

### **3.4 Disqualifying dispositions**

3.4.1 If a US Participant sells or otherwise disposes of any Shares acquired pursuant to the exercise of ISOs on or before the later of (i) the date that is two years after the date the Grant Date for such ISOs, or (ii) the date that is one year after the allocation of those Shares upon exercise of the corresponding ISOs, the US Participant shall notify the Company in writing within 30 days after the date of any such disposition.

### **3.5 Effect of cessation of employment with the Group**

3.5.1 If a US Participant's Options, that otherwise qualify as ISOs, are exercised on a date that is more than:

- a) 12 months after the US Participant's cessation of employment with the Company (or a Parent Corporation or a Subsidiary Corporation of the Company) and cessation occurred as a result of the US Participant's total and permanent disablement or death; or
- b) 3 months after the US Participant's cessation of employment with the Company (or a Parent Corporation or a Subsidiary Corporation of the Company) where cessation occurred for any other reason,

those Options shall be treated as NQSOs.

### **3.6 Maximum exercise period**

3.6.1 No ISOs shall be exercisable after the expiration of the ten (10) years after the Grant Date of such Options, provided that no ISOs granted to a ten-percent shareholder (within the meaning of Section 422(b)(6) of the Code) shall be exercisable after the expiration of five (5) years after the Grant Date of such Options.

## **4. Shareholder approval**

### **4.1 Shareholder Approval of Schedule 2**

4.1.1 This Schedule 2 shall be approved by the Company's shareholders within a period beginning twelve (12) months before and ending twelve (12) months after the date on which this Schedule 2 is adopted by the Board. No Options granted pursuant to this Schedule 2 may be exercised until such approval has been obtained.

## **5. Amendments to Schedule 2**

### **5.1 Amendments to Schedule 2**

- 5.1.1 The Board shall retain the power and authority to amend or modify this Schedule 2 to the extent the Board, in its sole discretion, determines it necessary or advisable to comply with any guidance issued under Section 409A. Such amendments may be made without the approval of any US Participant.

## **6. Term of Schedule 2**

### **6.1 Term of Schedule 2**

- 6.1.1 Options may only be granted pursuant to this Schedule 2 within 10 years from the date the Plan is adopted or approved by the Company's shareholders (whichever is earlier).

## **7. Section 409A**

### **7.1 Section 409A**

- 7.1.1 Although neither the Board nor any member of the Group guarantees any particular tax treatment to a US Taxpayer, Options granted pursuant to this Schedule are intended to be exempt from Section 409A and shall be limited, construed, and interpreted in accordance with such intent.
- 7.1.2 If a Participant who is not subject a US Taxpayer subsequently becomes a US Taxpayer, any outstanding Options held by that Participant that would become payable (if at all) in a year following the year in which the Participant first becomes a US Taxpayer shall be amended to comply with this Schedule 2 no later than the last day of the calendar year in which the Participant first becomes a US Taxpayer.