



29th September 2008

The Company Announcements Platform
Australian Stock Exchange Limited

FOR RELEASE TO THE MARKET

Dear Sir/Madam

SENIOR EXECUTIVE OPTION PLAN

Austbrokers Holdings Limited (ASX code: AUB) ("**Austbrokers**") announces that it has granted a total of 150,479 options over unissued ordinary shares to certain eligible senior executives of Austbrokers under the Senior Executive Option Plan. Of these 100,537 options are zero exercise price options and 49,942 options are exercisable at \$4.22 per option.

Enclosed is an Appendix 3B in relation to the issue of these unquoted employee options, the key terms of which are set out in the attachment to the Appendix 3B.

As the term of the employment contract for Chief Executive Officer Mr. Lachlan McKeough currently expires on 16 November 2010, a grant of options has not been made to him. Instead a cash incentive of \$200,000 will be provided with the same vesting conditions as set out in the attachment to Appendix 3B except that the vesting period will be over two years from the date granted.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'S.S. Rouvray'.

S.S. Rouvray
Company Secretary
Austbrokers Holdings Limited

For further information, contact Steve Rouvray

Tel: (02) 9935 2201
Mobile: (0412) 259 158

Appendix 3B
New issue announcement,
application for quotation of additional securities
and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

AUSTBROKERS HOLDINGS LIMITED

ABN

60 000 000 715

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

| | | |
|---|--|--|
| 1 | ⁺ Class of ⁺ securities issued or to be issued | Options over unissued ordinary shares |
| 2 | Number of ⁺ securities issued or to be issued (if known) or maximum number which may be issued | 150,479 |
| 3 | Principal terms of the ⁺ securities (eg, if options, exercise price and expiry date; if partly paid ⁺ securities, the amount outstanding and due dates for payment; if ⁺ convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none">• No consideration for grant of option• 49,942 options at exercise price of \$4.22• 100,537 options at exercise price of nil• Expiry Date: 7 years after date of grant• Other terms as per the Austbrokers Senior Executive Option Plan and attachment to this Appendix 3B |

⁺See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| 4 | Do the ⁺ securities rank equally in all respects from the date of allotment with an existing ⁺ class of quoted ⁺ securities? | The options will be unquoted but it is intended that shares issued on exercise of the options will rank equally with existing quoted ordinary shares on and from the date of issue. | | | | |
|------------|--|---|--------|--------------------|------------|-----------------|
| | If the additional securities do not rank equally, please state: | | | | | |
| | <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | | | | | |
| 5 | Issue price or consideration | Nil | | | | |
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | Incentive to senior executives under the Senior Executive Option Plan | | | | |
| 7 | Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates | September 2008 | | | | |
| 8 | Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable) | <table border="1"> <thead> <tr> <th data-bbox="756 1413 1027 1442">Number</th> <th data-bbox="1038 1413 1305 1442">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="756 1449 1027 1480">50,129,870</td> <td data-bbox="1038 1449 1305 1480">Ordinary Shares</td> </tr> </tbody> </table> | Number | ⁺ Class | 50,129,870 | Ordinary Shares |
| Number | ⁺ Class | | | | | |
| 50,129,870 | Ordinary Shares | | | | | |

⁺See chapter 19 for defined terms.

| | | Number | +Class |
|----|---|---------|---|
| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 740,000 | Options over ordinary shares expiring 5 October 2012 exercise price \$2.00 |
| | | 734,200 | Options over ordinary shares expiring 25 September 2013 exercise price \$3.47 |
| | | 663,100 | Options over ordinary shares expiring 14 September 2014 exercise price \$4.20 |
| | | 100,537 | Options over ordinary shares expiring 29 September 2015 exercise price nil |
| | | 49,942 | Options are ordinary shares expiring 29 September 2015 exercise price \$4.22 |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A | |

Part 2 - Bonus issue or pro rata issue

| | | |
|----|--|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |

⁺See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | | |
|----|---|-----|
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders | N/A |
| 25 | If the issue is contingent on ⁺ security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |

⁺See chapter 19 for defined terms.

| | | |
|----|--|-----|
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Despatch date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

⁺See chapter 19 for defined terms.

Appendix 3B
New issue announcement

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which ⁺quotation is sought

| |
|-----|
| N/A |
|-----|

39 Class of ⁺securities for which quotation is sought

| |
|-----|
| N/A |
|-----|

40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?
 If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

| |
|-----|
| N/A |
|-----|

41 Reason for request for quotation now
 Example: In the case of restricted securities, end of restriction period
 (if issued upon conversion of another security, clearly identify that other security)

| |
|-----|
| N/A |
|-----|

| | Number | ⁺ Class |
|---|--------|--------------------|
| 42 Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38) | N/A | |

⁺See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer to the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Company Secretary

Date: 29th September 2008

Print name:

S.S. ROUVRAY

⁺See chapter 19 for defined terms.

Appendix 3B

New issue announcement

Item 1: Number of Options = 100,537 zero Exercise Price Options and 49,942 other Options

Item 2: Option Exercise Price of each Option = nil for zero Exercise Price Options and \$4.22 for the other Options

Item 3: Exercise Conditions:

- (a) subject to satisfaction of the performance based conditions referred to in paragraphs (b) and (c) below, the Options will vest 3 years after the date of grant;
- (b) if the First Test Compound Growth (i.e. the rate of annual compound growth (expressed as a percentage) required over a three year period for the Initial EPS of 31.3 cents to equal the EPS for the financial year ending 30 June 2011) is:
 - (i) greater than or equal to 8.5% per annum, 20% of the Options will become exercisable;
 - (ii) equal to 10% per annum, 50% of the Options will become exercisable;
 - (iii) between 10% and 15%, the percentage of Options that are exercisable will be determined on a pro rata basis so that the number of Options that are exercisable will increase from 50% by 1 percentage point for every 0.1% percent additional Compound Growth over 10%;
 - (iv) 15% per annum or more, 100% of the Options will become exercisable,

in each case on the date on which the Company's audited financial statements for the financial year ending 30 June 2011 are lodged with the Australian Stock Exchange (the "**First Test Date**");

- (c) if all of the Options do not become exercisable on the First Test Date and the percentage rate of annual compound growth over the four financial years ending 30 June 2012 ("**Second Test Compound Growth**") is higher than the First Test Compound Growth then on the date on which the Company's audited financial statements for the financial year ending 30 June 2012 are lodged with the Australian Stock Exchange (the "**Second Test Date**") an additional number of Options will become exercisable as is equal to the difference between the number of Options which became exercisable under paragraph (b) and the number of Options which would have become exercisable if paragraph (b) applied on the basis of the Second Test Compound Growth (rather than the First Test Compound Growth);
- (d) any Options which have not become exercisable by the Second Test Date lapse and are of no further force or effect.

⁺See chapter 19 for defined terms.

CLAYTON UTZ

Senior Executive Option Plan Offer

Austbrokers Holdings Limited

ABN 60 000 000 715

Company

[Participant Name]

Participant

If you have any questions about the details of this document
please contact Michael Parshall on + 61 2 9353 4000

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Offer Deed made on 2008

Parties **Austbrokers Holdings Limited ABN 60 000 000 715** of Level 21, 111 Pacific Highway, North Sydney, New South Wales 2060 ("**Company**")
 ("**Participant**")

Recitals

- A. The Company offers the Participant options to subscribe for fully paid ordinary shares in the capital of the Company on the terms and conditions of this Offer and otherwise on the terms and conditions of the Austbrokers Holdings Senior Executive Option Plan attached to this Offer at Annexure A (the "**Plan Rules**").

This deed provides

1. Definitions and interpretation

1.1 Definitions

In this Offer, capitalised terms used but not defined have the meanings (if any) given in the Plan Rules:

"**Extraordinary Items**" means items of revenue and expense of the Company that are attributable to transactions or other events of a type that in the opinion of the Directors are outside the ordinary activities of the Company and are not of a recurring nature.

"**EPS**" means, in respect of a Financial Year, the earnings per share of the Company calculated in accordance with Accounting Standard AASB 1027 "Earnings per Share" based on the operating profit after tax of the Company subject to, for the purposes of this Plan, the absolute discretion of the Board to exclude any abnormal or extraordinary items.

"**First Test Compound Growth**" means the rate of annual compound growth (expressed as a percentage) required over a three year period for the Initial EPS to equal the EPS for the financial year ending 30 June 2011.

"**Initial EPS**" means 31.3 cents.

1.2 Interpretation

Clause 1.2 of the Plan Rules will apply to this Offer as if set out in full in this Offer.

2. Options

2.1 Offer of Options

The Company offers to the Participant the number of Options specified at Item 1 of the Schedule.

2.2 Terms of Options

The Options will be granted subject to the terms and conditions of this Offer and the Plan Rules and in particular:

- (a) no consideration is payable by the Participant upon grant or issue of any Option;
- (b) the Option Exercise Price of each Option is as set out at Item 2 of the Schedule;

- (c) the Exercise Conditions for the Options are as set out at Item 3 of the Schedule;
- (d) the Lapsing Date for the Options is seven years after date of grant of the Options; and
- (e) only to the extent required in respect of the Participant, the approval of the Company's shareholders in accordance with ASX Listing Rule 10.14.

2.3 Exercise Loan

The Company may, at its discretion, offer the Participant an Exercise Loan (on the terms and conditions to be determined by the Board), at the time or times the Board thinks fit.

2.4 Effect of acceptance of Offer

By accepting this Offer in accordance with clause 2, the Participant agrees to be bound by the Plan Rules. To the extent of any inconsistency between this Offer and the Plan Rules, the Plan Rules will prevail.

2.5 Lapse of Offer

If this Offer has not been accepted by the Participant and returned to the Secretary of the Company by not later than 10 Business Days from the date of receipt of this Offer by the Participant, this Offer will be deemed to have been refused and to have lapsed.

2.6 Exercise of Options

- (a) Where an Option is exercisable, the Company will within a reasonable period after receiving a written request from the Participant, provide to the Participant, by notice in writing (which may include directing the Participant to a relevant website), details of the current market price of Shares as at the date of the Participant's request.
- (b) The Company undertakes that, unless at the time of the exercise of the Options the Shares the subject of the Options will be in the same class as securities which have been quoted on the financial market operated by Australian Stock Exchange Limited throughout the 12 month period immediately preceding the exercise date of the Option without suspension for more than a total of 2 trading days during that period, the Company will have a prospectus available in relation to the Shares the subject of the Options which complies with the Corporations Act.
- (c) The Participant may not exercise the Options unless either a current prospectus is available to the Participant or the Shares the subject of the Options are in the same class as securities which have been quoted on the financial market operated by the Australian Stock Exchange throughout the 12 month period immediately preceding the exercise date of the Options without suspension for more than 2 trading days during that period.

3. Execution of this Offer

By executing this Offer, the Participant accepts the Offer of Options referred to in clause 2 and agrees to be bound by the Plan Rules.

4. Governing law

This Offer is governed by and will be construed in accordance with the laws for the time being

in force in the State of New South Wales, Australia.

Executed as a deed.

**Executed by Austbrokers Holdings Limited
ABN 60 000 000 715** in the presence of:

Signature of Director

Name of Director in full

Executed by **[Participant]** by or in the presence of:

Signature of Witness

Name of Witness in full

Signature of Secretary/other Director

Name of Secretary/other Director in full

Signature of Participant

Name of Participant in full

Schedule

Item 1: Number of Options = XXXX Options

Item 2: Option Exercise Price of each Option = \$

Item 3: Exercise Conditions:

- (a) subject to satisfaction of the performance based conditions referred to in paragraphs (b) and (c) below, the Options will vest 3 years after the date of grant;
- (b) if the First Test Compound Growth (i.e. the rate of annual compound growth (expressed as a percentage) required over a three year period for the Initial EPS of 31.3 cents to equal the EPS for the financial year ending 30 June 2011) is:
 - (i) greater than or equal to 8.5% per annum, 20% of the Options will become exercisable;
 - (ii) equal to 10% per annum, 50% of the Options will become exercisable;
 - (iii) between 10% and 15%, the percentage of Options that are exercisable will be determined on a pro rata basis so that the number of Options that are exercisable will increase from 50% by 1 percentage point for every 0.1% percent additional Compound Growth over 10%;
 - (iv) 15% per annum or more, 100% of the Options will become exercisable,
 - (v) in each case on the date on which the Company's audited financial statements for the financial year ending 30 June 2011 are lodged with the Australian Stock Exchange (the "**First Test Date**");
- (c) if all of the Options do not become exercisable on the First Test Date and the percentage rate of annual compound growth over the four financial years ending 30 June 2012 ("**Second Test Compound Growth**") is higher than the First Test Compound Growth then on the date on which the Company's audited financial statements for the financial year ending 30 June 2012 are lodged with the Australian Stock Exchange (the "**Second Test Date**") an additional number of Options will become exercisable as is equal to the difference between the number of Options which became exercisable under paragraph (b) and the number of Options which would have become exercisable if paragraph (b) applied on the basis of the Second Test Compound Growth (rather than the First Test Compound Growth);
- (d) any Options which have not become exercisable by the Second Test Date lapse and are of no further force or effect.

Annexure A - Austbrokers Holdings Senior Executives Option Plan Rules

CLAYTON UTZ

Austbrokers Holdings Senior Executive Option Plan

Plan Rules

Austbrokers Holdings Limited

ABN 60 000 000 715

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Our reference 204/11108/80014283

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AUSTBROKERS HOLDINGS LIMITED

ABN 60 000 000 715

AUSTBROKERS HOLDINGS SENIOR EXECUTIVES OPTION PLAN

PLAN RULES

5. Definitions and interpretation

5.1 Definitions:

In these Rules, the following words and expressions have the meanings indicated unless the contrary intention appears:

"ASIC" means the Australian Securities and Investments Commission.

"Associate" has the meaning given to that term in section 139GE of the Income Tax Assessment Act.

"ASX" means Australian Stock Exchange Limited ABN 98 008 624 691.

"Board" means all or some of the Directors acting as a board or a committee of the Board appointed for the purposes of the Plan or these Rules.

"Business Day" means a day which is not a Saturday, Sunday or public holiday in New South Wales or any other day that ASX declares is not a business day.

"Ceasing Date" has the meaning given in Rule 12.5.

"Ceasing Event" has the meaning given in Rule 12.6.

"Company" means Austbrokers Holdings Limited ABN 60 000 000 715.

"Constitution" means the constitution of the Company.

"Control" has the meaning given to that term in section 50AA of the Corporations Act.

"Corporations Act" means the Corporations Act 2001 (Cth).

"Director" means a director of a member of the Group.

"Eligible Employee" means a person who is, at the time of an Offer, a full or permanent part-time employee of a member of the Group, or such other person as the Board determines.

"Executive" means an Eligible Employee whom the Board determines from time to time, subject to any approval of shareholders of the Company required by law or the Listing Rules, to be an executive of the Group, but does not mean any Director who does not hold a salaried employment or office in a member of the Group.

"Exercise Condition" means in respect of an Option any condition set out in the Offer which must be satisfied before that Option can be exercised or any other restriction on exercise of that Option specified in the Offer or in these Rules.

"Exercise Loan" means a loan made by the Company or a Subsidiary to a Participant under Rule 10 for the purpose of acquiring a Share by the exercise of an Option.

"First Quotation" means the day on which Shares are first Quoted.

"Group" means the Company and its Related Bodies Corporate.

"Income Tax Assessment Act" means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as appropriate.

"Lapsing Date" means, in respect of an Option the date which is seven years after the date of the grant of that Option, or such other date as the Board determines in its discretion with respect to that Option at the time of the grant of that Option.

"Life" means, in relation to an Option, the period between the date of the grant of the Option and the first to occur of the date the Option lapses pursuant to Rule 12 and the Lapsing Date.

"Listing Rules" means the official listing rules of ASX, as amended or replaced from time to time, except to the extent of any express written waiver by ASX in their application to the Company.

"Marketable Parcel" has the meaning given to that term in the Listing Rules.

"Nominee" has the meaning given in Rule 9.4.

"Offer" means an offer made to an Executive to subscribe for one or more Options under the Plan.

"Option" means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

"Option Exercise Price" means in respect of an Option, the price per Share determined in accordance with Rule 11 and specified in the Offer made in respect of that Option.

"Outstanding Options" means, in relation to a Participant, Options which remain unexercised from time to time and have not lapsed or been surrendered and the right to exercise that Option lost.

"Participant" means an Executive to whom Options have been granted under the Plan, or if Rule 9.4 applies, an Associate of the Executive to whom Options have been granted under the Plan.

"Permanently Disabled" means, in relation to a Participant, a Participant who is deemed, at the discretion of the Board, to be totally and permanently disabled.

"Plan" means the Austbrokers Holdings Senior Executive Option Plan established in accordance with these Rules.

"Product Disclosure Statement" has the meaning given to that term in Chapter 7 of the *Corporations Act*.

"Quoted" means official quotation of securities on ASX.

"Record Date" has the meaning given to that term in the Listing Rules.

"Related Body Corporate" has the meaning given to that term in section 9 of the *Corporations Act*.

"Relevant Interest" has the meaning given to that term in section 608 of the *Corporations Act*.

"Relevant Person" means:

- (a) in respect of an Executive, that person; and
- (b) in respect of a Nominee of an Executive being a permitted Nominee under Rule 9.4, that Executive.

"Rules" means the rules of the Plan set out in this document.

"Share" means a fully paid ordinary share in the capital of the Company or, if at any time the Company's issued ordinary share capital consists of shares of some other description by virtue of an event of a kind dealt with by Rule 13.1, a share of that description.

"Takeover Bid" has the meaning given to that term in section 9 of the *Corporations Act*.

"Trading Day" means a Business Day other than a day which ASX declares is not a trading day, but including a day which for the purposes of settlement ASX declares is a trading day, notwithstanding that there is to be no official meeting of that stock exchange or that dealings between participating organisations of that stock exchange are suspended on that day.

"Voting Power" has the meaning given to that term in section 610 of the *Corporations Act*.

5.2 Interpretation

In these Rules (unless the context otherwise requires),

- (a) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

- (b) the expression "**person**" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (d) a reference to any document (including these Rules) is to that document as varied, novated, ratified or replaced from time to time;
- (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (f) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (g) references to parties, rules, schedules, exhibits or annexures are references to parties, rules, schedules, exhibits and annexures to or of these Rules, and a reference to these Rules includes any schedule, exhibit or annexure to these Rules;
- (h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (i) the word "includes" in any form is not a word of limitation; and

- (j) a reference to “\$” or “dollar” is to Australian currency.

5.3 Applicable Legislation

These Rules, the offering and granting of any Options, the rights attaching to the Options granted and the issue of any Shares pursuant to the exercise of Options will at all times be subject to the Corporations Act, the Income Tax Assessment Act and any other applicable legislation from time to time and, following First Quotation, subject also to the Listing Rules.

5.4 Reference to Shares

A reference to a Share comprised in an Option is a reference to the Share for which the Participant has, for the time being, an Option to subscribe by reason of the grant to him or her of that Option, including any Share resulting from an adjustment made pursuant to these Rules.

5.5 Rounding

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

6. Purpose

The purpose of the Plan is to:

- (a) encourage participation by Executives in the Company through Share ownership; and
- (b) attract, motivate and retain Executives.

7. Commencement of the Plan

The Plan will commence on the later of the date determined by the Board, or the date on which the Plan is approved by shareholders of the Company.

8. Number of Options to be Offered

8.1 Number of Options

Subject to Rule 8.3, the number of Options (if any) to be offered to an Executive from time to time will be determined by the Board in its discretion and in accordance with the Rules and applicable law.

8.2 No Consideration

Options issued under the Plan will be issued for no consideration.

8.3 Limitation on Offers to 5%

The Company will not make an Offer if, at the time of that Offer, the total number of Shares to be received on exercise of Options the subject of that Offer, when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer with respect to Shares, units of Shares and options to acquire unissued Shares, under the Plan or any other employee share scheme extended only to Eligible Employees to be accepted or exercised; and

- (b) the number of Shares issued, during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to Eligible Employees,

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

- (c) an offer to a person situated at the time of receipt of the offer outside Australia; or
- (d) an offer that was an excluded offer or invitation within the meaning of the *Corporations Law* as it stood prior to the commencement of Schedule 1 to the *Corporate Law Economic Reform Program Act 1999*; or
- (e) an offer that did not need disclosure to investors because of section 708 of the *Corporations Act*; or
- (f) an offer that did not require the giving of a Product Disclosure Statement because of section 1072D of the *Corporations Act*; or
- (g) an offer made under a disclosure document (as defined in section 9 of the *Corporations Act*) or Product Disclosure Statement,

would exceed 5% of the total number of issued Shares at the time of that Offer.

9. Offers of Options

9.1 Form of Offer

Each Offer must be in writing and:

- (a) specify the name and address of the Executive to whom the Offer is made;
- (b) specify the number of Options being offered;
- (c) specify the Option Exercise Price;
- (d) state that no amount is payable on the issue of any Option;
- (e) specify the date of the Offer;
- (f) specify the date by which the Offer must be accepted and the manner of acceptance of the Offer;
- (g) include an undertaking that, and an explanation of the way in which, the Company will, during any period or periods during which the Participant may acquire the Shares the subject of the Option, within a reasonable period of the Participant so requesting, make available to the Participant information on the current market price of the Shares, and such other undertakings as may be required by law or any requirement, policy or practice of ASIC;
- (h) specify terms and conditions and/or any restrictions (including performance hurdles) on a Participant's right to exercise Options;
- (i) be accompanied by a copy of these Rules; and
- (j) otherwise be on terms which the Board may, in its discretion from time to time, determine.

9.2 Determination by the Board

The Board, acting in its absolute discretion may:

- (a) offer Options to any Executive from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:
 - (i) the Executive's length of service with the Group;
 - (ii) the contribution made by the Executive to the Group;
 - (iii) the potential contribution of the Executive to the Group; or
 - (iv) any other matter the Board considers relevant; and
- (b) impose conditions, including performance-related conditions, on the right of a Participant to exercise any Option granted.

9.3 Personal Offer

Subject to Rule 9.4, an Offer is personal and is not assignable.

9.4 Renunciation

Upon receipt of an Offer, an Executive may, by notice in writing to the Board, nominate an Associate of that Executive ("**Nominee**") in whose favour the Executive wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision. If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Executive will procure that the permitted Nominee accepts the Offer made to that Executive and that both the Executive and the Nominee agree to be bound by the Rules.

9.5 Time Period

An Executive (or permitted Nominee) may only accept an Offer within the time period specified in the Offer document.

10. Grant of Options

10.1 Valid Acceptance

Where the Company receives a valid acceptance of an Offer under the Rules, it will grant the Options to the Participant within 10 Business Days of receipt of the valid acceptance and will issue to the Participant a certificate in respect of the Options granted (including on the certificate a notice of exercise of Options).

10.2 Rules

Options must be issued in accordance with the Rules and each Participant to whom Options are granted will be taken to have agreed to be bound by the Rules and the terms upon which those Options were granted.

10.3 No Listing

The Options will not be listed on any stock exchange.

11. Exercise Price

11.1 Option Exercise Price

In respect of any proposed Offer, the Board may determine the Option Exercise Price for that Offer in its absolute discretion.

11.2 Minimum Exercise Price

Subject to the Listing Rules, the Option Exercise Price may be nil but to the extent the Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Offer made following First Quotation must not be less than any minimum price specified in the Listing Rules.

12. When Options may be Exercised

12.1 Exercise

- (a) Subject to Rules 12.1(b), 12.4 and 8.5, a Participant will be entitled to exercise Options granted as a result of an Offer in respect of which all Exercise Conditions have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) No Option may be exercised unless at the time of exercise of the Options, the Shares have been Quoted throughout the 12 month period immediately preceding the exercise of the Option without suspension for more than a total of 2 Trading Days during that period.
- (c) Once an Option is capable of exercise in accordance with this Rule 12.1, it may be exercised at any time up until 5.00pm in Sydney on the Lapsing Date.

12.2 One or Several Parcels

Subject to Rule 12.1, Options may be exercised in one parcel equal to the total number of Options which are then exercisable, or in several parcels which, when aggregated, equal the total number of Options which are then exercisable, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel.

12.3 Adjustment to Terms of Exercise

- (a) The Board will have the power to make adjustments to or vary the terms of exercise of an Option. Following First Quotation, any proposed variation or adjustment will be subject to any requirements of the Listing Rules.
- (b) No adjustment or variation of the terms of exercise of an Option will be made without the consent of the Participant who holds the relevant Option if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her Outstanding Options), other than an adjustment or variation introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or

- (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.

12.4 Lapsing of Options

Subject to the terms of the Offer made to a Participant and unless Rule 12.6 or 12.7 applies, a Participant's Options will lapse immediately and all rights in respect of those Options will thereupon be lost if, in respect of a Participant or an Offer:

- (a) the Relevant Person ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the Exercise Conditions have not been met;
- (b) the Exercise Conditions are unable to be met;
- (c) the Lapsing Date has passed; or
- (d) the deadline provided for in Rule 12.5 has passed,

whichever is earlier.

12.5 Cessation of Employment where Exercise Conditions met

Where a Relevant Person ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) prior to the Lapsing Date in relation to the Options granted under an Offer ("**Ceasing Date**") and the Exercise Conditions have been met, the Participant will be entitled to exercise Options granted as a result of an Offer in accordance with the terms of the Offer and the Rules, for a period of up to 60 days after the Ceasing Date, after which the Participant's Options will lapse immediately and all rights in respect of those Options will thereupon be lost.

12.6 Death, Permanent Disability, Retirement or Redundancy

If in respect of a Participant, the Relevant Person dies, becomes Permanently Disabled, resigns employment on the basis of retirement from the workforce or is made redundant by the relevant member of the Group, during the Life of any Options granted to that Participant ("**Ceasing Event**"):

- (a) the Participant or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
 - (i) have become exercisable;
 - (ii) have not already been exercised; and
 - (iii) have not lapsed,in accordance with Rule 12.6(c);
- (b) at the absolute discretion of the Board, the Board may resolve that the Participant, or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
 - (i) have not become exercisable; and

- (ii) have not lapsed,

in accordance with Rule 12.6(c) and, if the Board exercises that discretion, those unexercisable Options will not lapse other than as provided in Rule 12.6(c);

- (c)
 - (i) The Participant or the Participant's legal personal representative (as the case may be) must exercise the Options referred to in Rule 12.6(a) and, where permitted, Rule 12.6(b), no earlier than First Quotation and not later than the first to occur of: (A) the Lapsing Date of the Options in question; and (B) the date which is 6 months after the Ceasing Event or 6 months after First Quotation (whichever occurs first) provided that in the case of Options referred to in Rule 12.6(b), all Exercise Conditions have been met at that time (unless the Board decides to waive any relevant Exercise Conditions, in its absolute discretion);
 - (ii) Options which have not been exercised by the end of the period specified in Rule 12.6(c)(i) lapse immediately at the end of that period and all rights in respect of those Options will thereupon be lost; and
 - (iii) Where the Lapsing Date for an Option the subject of this Rule 12.6 occurs before First Quotation, that Option lapses at the end of its Lapsing Date and all rights in respect of that Option will thereupon be lost notwithstanding the terms of this Rule 12.6.

12.7 Discretionary Exercise of Options

Where, in respect of a Participant, the Relevant Person ceases to be an employee or director of, or to render services to, a member of the Group, for any reason, prior to the date on which Options become exercisable the Board may, in its absolute discretion, determine that some or all of the Options held by that Participant do not lapse and may be exercised by the Participant, if otherwise permitted under the Rules, within such additional time as is determined by the Board following the Ceasing Date. Options which have not been exercised by the end of that period lapse immediately and all rights in respect of these Options will thereupon be lost.

12.8 Notice

The Company will send a notice addressed to the Participant (or where the Participant is not the Relevant Person, to the Relevant Person) setting out the number of Options which can be exercised by the Participant and the period(s) during which the Participant may exercise those Options fourteen days prior to the first day of the relevant exercise period of any of the Options granted to a Participant together with such other information as is required by the Corporations Act, the Income Tax Assessment Act, any other applicable legislation from time to time and, following First Quotation, the Listing Rules.

13. Manner of Exercise of Options

13.1 Delivery to Company Secretary

Options granted to a Participant may only be exercised by delivery to the Company's secretary (at a time when the Options may be exercised) of:

- (a) the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;

- (b) a notice addressed to the Company and signed by the Participant:
 - (i) stating that the Participant exercises the Options and specifying the number of Options which are exercised; and
 - (ii) specifying the subregister of the Company in which the Shares referred to in Rule 13.2(a) are to be recorded; and
- (c) payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no Exercise Price payable in respect of the Options to be exercised.

13.2 Issue of Shares

If the items specified in Rule 13.1 are delivered in accordance with that Rule, the Company will, subject to the Listing Rules (if relevant):

- (a) within 10 Business Days of delivery of the documents referred to in Rule 13.1 issue to the Participant the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under Rules 11 and 12 in consequence of the exercise of the Options; and
- (b) cancel the certificate delivered pursuant to Rule 13.1(a) and, if any Options which have not lapsed remain unexercised, deliver to the Participant a replacement certificate reflecting the number of those Options which remain unexercised.

13.3 Death of Participant

If the Participant has died, the Participant's legal personal representative will stand in the place of the Participant for the purposes of Rules 13.1 and 13.2 subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of Shares held by the Participant.

13.4 Beneficial Owner of Shares

From and including the date of issue to a Participant of any Shares in accordance with these Rules, the Participant will:

- (a) be the beneficial owner of those Shares; and
- (b) subject to Rule 13.6, the Corporations Act, the Constitution and, after First Quotation, the Listing Rules, be entitled to deal with those Shares as beneficial owner.

13.5 Equal Rank

A Share issued on exercise of an Option will rank equally in all respects with Shares already on issue on the date of exercise of the Option, except for entitlements which had a Record Date before the date of issue of that Share.

13.6 Official Quotation

After First Quotation, the Company will make application for Shares which are issued after that time pursuant to Rule 13.2 to be Quoted in accordance with the Listing Rules.

14. Exercise Loans

- (a) At the discretion of the Board, the Company may offer a Participant an Exercise Loan at the time or times, and on terms and conditions to be determined by the Board.
- (b) Where the Company offers a Participant an Exercise Loan, the offer is conditional on the Company and the Participant entering into an agreement setting out the terms of the Exercise Loan.

15. New Issues and Adjustments for Rights Issues

15.1 New Issues

Subject to the Listing Rules (where relevant), a Participant may only participate in respect of an Option in a new issue of Shares or other securities to holders of Shares if the Option has been exercised in accordance with its terms and Shares are allotted and registered in respect of the Option on or before the Record Date for determining entitlements to the issue. The Company must give notice to Participants of any issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

15.2 Adjustment for Bonus Issues

If, during the Life of any Option, Shares are issued pro rata to the Company's shareholders for which no consideration is payable by those shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Participant will be entitled, upon later exercise of that Option, to receive in addition to the Share comprised in the Option an issue of so many additional Shares as would have been issued to a shareholder who, on the Record Date for determining entitlements under the bonus issue, held Shares equal in number to the Shares comprised in the Option exercised.

15.3 Rights Issues

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.

15.4 Reconstruction

In the event of any reconstruction of the issued ordinary capital of the Company the number of Shares attaching to each Option or the Option Exercise Price or both will be reconstructed in the manner as specified in the Listing Rules. If the manner is not specified in the Listing Rules then the Board will determine the reconstruction provided that the number of Shares attaching to each Option or the Option Exercise Price, or both, must be reorganised so that the Participants will not receive a benefit which the shareholders of the Company do not receive. This Rule does not prevent a rounding up of the number of securities to be received on exercise if the rounding up is approved at the shareholders' meeting which approves the reconstruction.

15.5 New or amended Option Certificates

After each reorganisation of the issued capital of the Company, upon the return by the Participant of the original Option certificate to the Company, that Option certificate will be amended or a new Option certificate will be issued to reflect either or both the adjusted number of Shares that may be taken up upon the exercise of that Option and the adjusted

Option Exercise Price (as the case may be).

16. Notice of Adjustments and Cumulation of Adjustments

16.1 Cumulation of Adjustments

Effect will be given to Rule 11 in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.

16.2 Notice of Adjustments

Whenever the number of Shares comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and ASX together with calculations on which the adjustment is based.

17. Takeovers

If, after First Quotation and during the Life of an Option:

- (a) a Takeover Bid is made to the Company's shareholders to acquire their Shares and the Board becomes aware that a bidder who did not have a Relevant Interest in more than 50% of the Company's issued Shares has acquired (or become entitled to acquire) a Relevant Interest in more than 50% of the Company's issued Shares, then the Board may resolve that the Company notify each Participant in writing that all of his or her unexercised Options (whether vested or not) will be exercisable. Upon receipt of that notice, each Participant will be entitled to exercise all or any of his or her unexercised Options; or
- (b) the Board concludes that there has been a change in Control of the Company, the Board may resolve that the Company notify each Participant in writing that all of his or her unexercised Options (whether vested or not) will be exercisable. Upon receipt of that notice, each Participant will be entitled to exercise all or any of his or her unexercised Options.

18. Administration of the Plan

- (a) The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan which are consistent with these Rules.
- (b) Any power or direction which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- (c) Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and upon such conditions as the Board may determine to:
 - (i) a committee consisting of such Directors as the Board determines; or
 - (ii) any one or more persons selected by the Board.
- (d) Every exercise of discretion by the Board (or its delegate) and every decision of the Board as to the interpretation, effect or application of these Rules is final,

conclusive, and binding.

19. Termination and Suspension of the Plan

The Plan may be terminated or suspended at any time by resolution of the Board. Termination or suspension of the Plan will not affect the rights of Participants who were granted Options prior to that termination or suspension.

20. Rights and Obligations of Participants

20.1 Rights of Participants

Nothing in these Rules:

- (a) confers on an Eligible Employee the right to receive any Shares;
- (b) confers on a Relevant Person the right to continue as an employee of the Group;
- (c) affects any rights which any member of the Group may have to terminate the employment of any employee; or
- (d) may be used to increase damages in any action brought against any member of the Group in respect of any such termination.

20.2 Rules

All Participants will be entitled to the benefit of and will be bound by the terms and conditions of the Rules and any amendments thereto.

20.3 Offer

The Plan will not form part of any contract between any member of the Group and any Participant and will not confer directly or indirectly on any Participant any legal or equitable rights whatsoever against any such corporation (other than rights as a Participant under the Plan against the Company).

20.4 Company Reports

Every report and other document sent by the Company to its shareholders generally will, during the Life of any Option, be sent also to the holders of any Options.

20.5 Rights of Optionholders

A grant of an Option does not confer on a Participant any right to receive notice of, or to vote at, a meeting of members of the Company or any right to receive a dividend, before the Option is exercised.

20.6 Assignment of Options

Subject to the Board's consent (which may be given in the Board's absolute discretion), Options granted cannot be assigned (other than to the legal personal representative of the Participant as contemplated in Rule 12.5).

21. Amendment of these Rules

21.1 Amendments

Subject to the Listing Rules and Rule 17.2, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this Rule 17).

21.2 No Reduction of Rights

- (a) Subject to Rule 17.2(b), no amendment of the provisions of these Rules is to reduce the rights of any Participant in respect of his or her Outstanding Options, other than an amendment introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body.
- (b) Notwithstanding Rule 17.2(a), the Company may amend all or any of the provisions of these Rules, provided that the Company provides to any affected Participant appropriate compensation, such that the Participant remains no worse off as a result of any such amendment.

21.3 Retrospectivity

Subject to Rules 17.1 and 17.2, any amendment made pursuant to Rule 17 may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

22. Attorney

Each Participant, in consideration of an Offer and any Exercise Loan:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules; and
- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

23. ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

24. Notices

Any notice to Participants may be given in such manner as the Board determines.

25. Governing Law

This Plan is governed by and shall be construed and take effect in accordance with the laws of New South Wales.