

**DATED 5 FEBRUARY 2008**

**TERMS AND CONDITIONS OF THE**

**RUNGE LIMITED**

**(ACN 010 672 321)**

**SHARE OPTION PLAN**

**(As Amended by Resolution of the Board on 7 October 2009)**



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Ref: AK/AEJ: 3405172

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**TERMS AND CONDITIONS OF THE  
RUNGE LIMITED  
(ACN 010 672 321)**

**SHARE OPTION PLAN**

The terms and conditions of the Runge Limited Share Option Plan are as follows:

**1. DEFINITIONS**

The following terms have these meanings unless contrary to or inconsistent with the context:

"**ASIC**" means Australian Securities and Investments Commission.

"**ASX**" means Australian Stock Exchange Limited.

"**Board of Directors**" or "**Board**" means the board of directors of the Company from time to time.

"**Business Day**" means a day other than a Saturday, Sunday or public holiday in New South Wales.

"**Company**" means Runge Limited ACN 010 672 321.

"**Constitution**" means the constitution of the Company as amended from time to time.

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

"**Diluted Ordinary Share Capital**" means the total of the following:

- (a) all Shares;
- (b) all Options issued under this Option Plan;
- (c) all other options issued by the Company excluding Options issued under this Option Plan;
- (d) all other convertible issued securities,

as at the relevant date of the issue of Options under this Option Plan.

"**Eligible Employee**" means any person who is employed by, or is a director, officer or executive, of the Company or any related body corporate of the Company and whom the Board or its nominee determines is eligible to participate in the Option Plan.

"**Exercise Notice**" means a notice substantially in the form of Schedule 1.

"**Exercise Price**" means the exercise price per Option as determined by the Board or its nominee and set out in the Option Agreement between the Company and the Eligible Employee.

**"Expiry Date"** in relation to an Option means the date in accordance with clause 5 of this Option Plan.

**"Financial Year"** means 1 July to 30 June.

**"Grant Date"** in relation to an Option means the date on which an Option is issued by the Company and as set out in the Option Agreement.

**"Group"** means the Company and each of its Subsidiaries (if any).

**"IPO"** means a public offering of Shares by the Company in conjunction with an application by the Company to the ASX or such other publicly recognised stock exchange for admission and quotation of the Shares.

**"Listing Rules"** means the official listing rules of ASX.

**"Option Agreement"** means the agreement between the Company and an Option holder in relation to the grant of Options under this Plan.

**"Option holder"** means the person registered in the Company's register of Option holders as the holder of Options.

**"Option"** means options over unissued Shares issued pursuant to this Option Plan.

**"Option Plan"** or **"Plan"** means the Runge Limited Share Option Plan constituted by these terms and conditions.

**"Outstanding Options"** means, in relation to an Option holder, Options which remain unexercised from time to time, including Vested Options.

**"Permanent Disablement"** means the disablement of an Eligible Employee the effect of which is in the opinion of a medical expert likely to be permanent and will stop that Eligible Employee continuing his or her employment with the Company or its related body corporate.

**"Redundancy or Redundant"** means where the job roles and responsibilities of an Eligible Employee within the Company become redundant and as a result the Eligible Employee's employment with the Company is terminated whether voluntarily or involuntarily.

**"Rules"** means the rules governing the operation of this Option Plan set out in this instrument (including without limitation, any schedule) as amended from time to time.

**"Shareholder(s)"** means those persons registered in the Company's register of members as the holder of Shares in the Company.

**"Share(s)"** means fully paid ordinary shares in the capital of the Company, or the ordinary shares into which fully paid ordinary shares are reconstructed from time to time.

**"Vested Options"** means Options the Eligible Employee may exercise at any time from the Vesting Date in accordance with the terms contained in the Option Agreement or as specified in clause 6 of the Option Plan.

**"Vesting Date"** means the date that the Options granted to an Eligible Employee will vest in the Eligible Employee in accordance with the terms of the Eligible Employee's Option Agreement.

## **2. INTERPRETATION**

In these terms and conditions, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these terms and conditions;
- (b) the singular includes the plural and vice versa;
- (c) the word "person" includes a firm, body corporate, unincorporated association and governmental authority;
- (d) a reference to any statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) an agreement, representation or warranty on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally;
- (h) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (i) a reference to a currency is a reference to Australian currency unless otherwise indicated;
- (j) a reference to a time is a reference to the time in Sydney, Australia; and
- (k) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these terms and conditions.

## **3. PURPOSE**

- 3.1 This Option Plan is called the Runge Limited Share Option Plan.
- 3.2 The Runge Limited Share Option Plan provides Eligible Employees of the Company and its Subsidiaries (if any) with an opportunity to acquire an ownership interest in the Company.
- 3.3 This Option Plan will commence on the date determined by the Board.
- 3.4 This Option Plan will operate in accordance with the terms and conditions set out in these Rules, which bind the Company, its related bodies corporate and each Option holder.

## **4. OPTION ENTITLEMENT**

- 4.1 The Board or its nominee may offer Options to Eligible Employees.
- 4.2 Subject to clauses 5, 6, 7, 11 and 13, each Option entitles the Option holder to subscribe for one Share at the Exercise Price.
- 4.3 Subject to this rule, the Board may make invitations to Eligible Employees to participate in this Plan at any time and from time to time on such terms and conditions as the Board thinks fit.

## **5. EXPIRY OF OPTIONS**

- 5.1 Options will expire at 5.00pm on the Expiry Date as set out in the relevant Option Agreement.
- 5.2 Options not exercised on or before 5.00pm on the Expiry Date automatically lapse.

## **6. EXERCISE OF OPTIONS**

- 6.1 Subject to clause 6.2 of this Plan, an Option holder whose exercise of Options would not be in breach of clause 11 may exercise the Options during any period and on any terms specified in the Option Agreement, in whole or in part by lodging with the Company Secretary of the Company:
- (a) a copy of the Option Agreement;
  - (b) a duly completed and signed Exercise Notice in accordance with Schedule 1; and
  - (c) the subscription money for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price.
- 6.2 The Board or its nominee may impose when granting Options such restrictions on the exercise of options as it considers fit, including without limitation individual or organisation performance or share price hurdles.
- 6.3 Options awarded under an Option Agreement are not transferable otherwise than by will or the laws of intestacy and may be exercised during the Option holder's lifetime only by the Option holder.
- 6.4 The Company shall as soon as reasonably practicable after delivery of the items in clause 6.1 and not later than ten (10) Business Days after delivery of those items:
- (a) allot to the Option holder the Shares (fully paid) in respect of the number of Options exercised;
  - (b) deliver to the Option holder a share certificate or holding statement for the Shares so allotted; and
  - (c) cancel the certificate for the Exercised Options and, if applicable, issue a new certificate for any remaining Options covered by the cancelled certificate.
- 6.5 If the Option holder has died, his or her legal representative shall stand in his or her place for the purposes of clauses 6.1, 6.3 and 6.4, 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.

6.6 The Company must hold the subscription monies in trust for the Option holder pending the allotment of the Shares in accordance with clause 6.4(a).

6.7 After Shares have been allotted pursuant to clause 6.4(a), the Company will promptly make application for official quotation of the Shares on the ASX and will use reasonable endeavours to ensure the Shares are officially quoted.

## **7. CANCELLATION OF OPTIONS**

7.1 An Option Agreement may provide for the cancellation of the Options in certain circumstances.

7.2 Notwithstanding any other provision of the Option Plan, the Board or its nominee may cancel an Option if at any time an Eligible Employee is in breach of any terms and conditions of employment of that Eligible Employee.

## **8. BONUS ISSUES**

The Options do not confer any rights to participate in a bonus issue of Shares by the Company.

## **9. NEW ISSUES**

The Options do not confer any rights to participate in a new issue of Shares by the Company.

## **10. EQUAL RANKING**

10.1 Subject to clause 10.2, any Shares allotted pursuant to any exercise of the Options rank *pari passu* in all respects with other Shares of the Company on issue at the date of allotment.

10.2 Where any Shares are allotted pursuant to the exercise of Options during a period in respect of which a dividend is declared, the holder of those Shares is only entitled to receive the dividend where the Shares were allotted on or before the relevant dividend entitlement date.

## **11. COMPLIANCE WITH LAW AND ORDERS**

11.1 An Option holder must not exercise any Options to have Shares issued to him or her, and no purported exercise has any effect, if in doing so it would be in breach of, or would cause the Company or its related bodies corporate to be in breach of:

- (a) any provision of the Foreign Acquisitions and Takeovers Act 1975 (Cth);
- (b) any undertaking given by the Company to the Foreign Investment Review Board at the request of the Foreign Investment Review Board from time to time;
- (c) the Corporations Act;
- (d) any class order issued by ASIC;
- (e) any provision of the Listing Rules; or
- (f) any other applicable law.

- 11.2 The Option holder must not exercise any Options unless the Company has a current prospectus or other disclosure document in relation to the Shares that complies with the requirements of the Corporations Act (subject to any relief from such requirements issued by ASIC).

## **12. CALCULATIONS**

- 12.1 Any calculations or adjustments which are required to be made for the purpose of determining the Exercise Price or the number of the Option holder's Outstanding Options must be made by the Board or its nominee or a certified practicing accountant of the Company and will in the absence of manifest error, be final, conclusive and binding on the Option holder.
- 12.2 The Company must notify an Option holder of any adjustment made to the Exercise Price or the number of the Option holder's Outstanding Options within ten (10) Business Days after the date of the adjustments.

## **13. FORFEITURE OF OPTIONS AND SHARES**

- 13.1 An Eligible Employee will forfeit any right or interest in any Outstanding Options under this Option Plan to the Company if:

- (a) he or she ceases to be an Eligible Employee at a time when the Eligible Employee is not entitled to exercise such Outstanding Options; or
- (b) the Eligible Employee has in the opinion of the Board or its nominee been:
  - (i) dismissed with cause; or
  - (ii) has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company, or any related body corporate (whether or not charged with an offence),

and the Board or its nominee directs that such Outstanding Options are to be forfeited.

At the request of the Company, pursuant to any direction given by the Board or its nominee under this clause, the Eligible Employee will be required to hand over the option certificate(s) relating to the forfeited Options to the Company Secretary.

- 13.2 The Eligible Employee will automatically forfeit any Shares that the Eligible Employee has acquired pursuant to an Option Agreement between the Company and the Eligible Employee if the Eligible Employee has in the opinion of the Board or its nominee been:
- (a) dismissed with cause; or
  - (b) has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company, its Subsidiaries (if any) or any related body corporate (whether or not charged with an offence),
- and the Board or its nominee directs that such Shares are to be forfeited.
- 13.3 If the Board or its nominee directs that a Share is to be forfeited in accordance with clause 13.2, the Company must pay the Eligible Employee an amount for each Share forfeited equal to the lesser of:

- (a) the Exercise Price paid to acquire the Share; and
- (b) the fair market value of the Share at the date of forfeiture as determined by the Board or its nominee in its sole discretion.

13.4 The Eligible Employee will be required to hand over the share certificate(s) representing the Shares acquired under an Option Agreement between the Eligible Employee and the Company to the Company Secretary on the request of the Company pursuant to any direction given by the Board or its nominee under clause 13.2.

#### **14. RECAPITALISATION AND REORGANISATION**

14.1 The existence of this Option Plan shall not affect in any way the right or power of the Board or the Shareholders to make or authorise any adjustment, recapitalisation, reconstruction, reorganisation or other change in the capital structure of the Company.

14.2 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company the number of Options or the Exercise Price of the Options granted under this Plan will be adjusted in the same proportion as the issued capital in the Company is reconstructed and in a manner which will not result in additional benefits being conferred on the holders of Options that are not conferred on the Shareholders.

14.3 The Company must give notice to an Option holder of any adjustment to the number of Shares to which the Option holder is entitled to subscribe for or be issued on exercise of an Option or the Exercise Price per Option in accordance with any adjustments made under clause 14.2.

#### **15. MAXIMUM PARTICIPATION BY INDIVIDUAL**

Notwithstanding anything else in this Plan, the Company must not and is entitled not to issue any Shares to an Eligible Employee on exercise of Options granted under this Plan if, immediately after the issue or grant, the Eligible Employee would own (legally or beneficially) or control the exercise of voting power attached to, 5% or more of all Shares then on issue.

#### **16. RESTRICTIONS ON DEALING WITH SHARES**

There may be restrictions placed on the Eligible Employee under their Option Agreement in dealing with any Shares acquired under the Option Plan.

#### **17. NO ASSIGNMENT OF OPTIONS**

The Options may not be assigned, transferred or encumbered in any way by the Option holder. Any such assignment, transfer or encumbrance of Options shall cause the Options to lapse immediately. This does not prevent the exercise in accordance with the terms and conditions of this Option Plan of Options by the estate of a deceased Option holder.

#### **18. REPLACEMENT OF OPTION AGREEMENT**

If any Option Agreement is lost, stolen, mutilated, defaced or destroyed, it will be replaced by the Company on production of any evidence, indemnity and security the Company reasonably requires.

## **19. VARIATION AND TERMINATION OR SUSPENSION OF THE PLAN**

- 19.1 Subject to the Listing Rules and Rule 19.2, the Board may amend or modify or vary any of these Rules (including this Rule 19) or waive or vary the application of any of the Rules in relation to any Eligible Employee, at any time by resolution of the Board.
- 19.2 No addition, amendment or variation to these Rules may be made if it would reduce the rights of any Eligible Employee subject to the Eligible Employee giving his or her prior written consent to the addition, amendment or variation, unless the amendment was introduced primarily:
- (a) 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 this Option Plan or like plans;
  - (b) for the purpose of complying with the Listing Rules, Corporations Act, any other Australia laws, applicable foreign laws, or a requirement, policy or practice of ASIC or other foreign or Australian regulatory body; or
  - (c) to correct any manifest error or mistake.
- 19.3 Subject to Rules 19.1 and 19.2, any amendment made pursuant to Rule 19.1 may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.
- 19.4 The Board may terminate or suspend the operation of this Option Plan at any time by resolution of the Board.

## **20. OTHER INCENTIVE SCHEMES**

- 20.1 The Board is not restricted to using this Option Plan as the only method of providing incentive rewards to Employees. The Board may approve and introduce other incentive schemes.
- 20.2 Participation in this Option Plan does not affect, and is not affected by, participation in any other incentive or other scheme of the Company unless the terms of this Plan or that scheme provide otherwise.

## **21. RELATIONSHIP OF COMPANY AND ELIGIBLE EMPLOYEES**

- 21.1 These Rules:
- (a) do not confer on any Eligible Employee the right to continue as an Employee;
  - (b) do not form part of and are not incorporated into any contract of employment of the Eligible Employee with the Company or its Subsidiaries (if any) unless expressly stated and does not confer directly or indirectly on the Eligible Employee any legal or equitable right whatsoever against the Company or its Subsidiaries (if any);
  - (c) do not affect any rights which the Company may have to terminate the employment of that Eligible Employee. No Eligible Employee shall have any rights to compensation or damages in consequence of the termination of his or her employment for any reason whatsoever in so far as those

rights arise from his or her ceasing to have rights under this Option Plan as a result of such termination; and

- (d) may not be used to increase damages in any action brought against the Company in respect of that termination.

- 21.2 In the event of any dispute or disagreement as to the interpretation of this Option Plan, or as to any question or right arising from or related to this Option Plan or to any Options under this Option Plan and in the exercise of any power or discretion in respect thereof any decision made by the Board or its nominee under this Option Plan shall be binding on the Eligible Employee.

## **22. NOTICES**

Any notice regarding the Options will be sent to the registered address of the Option holder as recorded in the register of Option holders maintained by the Company.

## **23. ADVICE**

Eligible Employees should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in this Option Plan.

## **24. PLAN ADMINISTRATION**

- 24.1 The Board or its nominee may make regulations for the operation and administration of this Option Plan that are consistent with these Rules.
- 24.2 Where these Rules provide for a determination, interpretation, decision, approval or opinion of the Board or its nominee, such determination, interpretation, decision, approval or opinion shall be in its absolute discretion.
- 24.3 Any decision made by the Board or its nominee in accordance with Rule 24.2, shall be binding on the Eligible Employee or Option holder.
- 24.4 Any power or discretion which is conferred on the Board or its nominee by these Rules may be exercised in the interests or for the benefit of the Company, and the Board or its nominee (as the case may be) is not, in exercising any such power or discretion under any fiduciary or other obligation to any other person.
- 24.5 The decision of the Board or its nominee as to the interpretation, effect or application of these Rules will be final.
- 24.6 The Board may delegate such functions and powers as it may consider appropriate, for the efficient administration of this Option Plan, to the Remuneration Committee.
- 24.7 The Board or its nominee may take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules.

## **25. GENERAL**

25.1 The entitlements of Eligible Employees, Option holders and these Rules are subject to the Company's constitution, the Listing Rules, the Corporations Act and any other applicable laws.

25.2 Notwithstanding any provisions of these Rules, no Options or Shares may be issued, assigned or dealt with under this Option Plan, if in doing so the Company would be in breach of, or would cause its Subsidiaries (if any) to be in breach of:

- (a) any provision of the Foreign Acquisitions and Takeovers Act 1975 (Cth);
- (b) any undertaking given by the Company to the Foreign Investment Review Board at the request of the Foreign Investment Review Board from time to time;
- (c) the Corporations Act;
- (d) any class order issued by ASIC;
- (e) any provision of the Listing Rules; or
- (f) any other applicable law.

25.3 For the purposes of Rule 25.2, references to the Foreign Acquisitions and Takeovers Act mean the relevant Act as it may be amended or modified or replaced by another act dealing with similar subject matter.

## **26. DUTIES AND TAXES**

The Company and its Subsidiaries (if any) is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

## **27. DATA PROTECTION**

By participating in this Option Plan, each Eligible Employee consents to the collection, use and dealing by, and disclosure to, the Company of personal data provided by the Participating Employee pursuant to their participation in this Option Plan.

## **28. GOVERNING LAW**

The Options are governed by and must be construed in accordance with the laws of New South Wales.

**SCHEDULE 1**

**RUNGE LIMITED**  
**(ACN 010 672 321)**

**SHARE OPTION PLAN – OPTION EXERCISE NOTICE**

I, **[INSERT NAME]** being the registered holder of the Options specified below, elect to exercise the Options as specified below in accordance with clause 6 of the terms and conditions of the Option Plan.

Number of Options being exercised: **[INSERT]**

Name and address of the Shareholder to be entered into the Shareholders' register in respect of Shares issued:

.....

.....

.....Postcode: .....

Enclosed with this notice is the certificate for the Options referred to above together with the relevant exercise money being **[\$[INSERT AMOUNT]]**.

In exercising the Options to acquire Shares, I agree to be bound by the provisions of the Constitution of Runge Limited.

Date:

.....

Signed by the Option holder

**SCHEDULE 2**

**RUNGE LIMITED  
ACN 010 672 321**

**SHARE OPTION PLAN AGREEMENT**

**THIS AGREEMENT** is made on \_\_\_\_\_ day of May 2008

**BETWEEN:**           **RUNGE LIMITED ACN 010 672 321** ("Company")

**AND:**                 **[EMPLOYEE\_NAME]** ("Employee")

**RECITALS**

In recognition of Employee's services and commitment to the Company and to provide Employee with an opportunity to share in the financial success of the Company, the Company offers the opportunity to Employee to purchase Shares in the Company in accordance with the terms and conditions of the Runge Limited Share Option Plan (the "Option Plan").

The Company and Employee agree as follows:

Capitalised terms used in this Agreement that are not defined herein shall have the same meaning as specified in the Option Plan.

**1. Grant of Options**

The Company grants **[insert number]** options ("Options") to Employee on the date of this Agreement ("Grant Date"). Each Option entitles Employee to subscribe for one Share at the Exercise Price on the terms and conditions of this Agreement.

**2. Option Price and Exercise Price**

- 2.1 The price of the Options is nil.  
2.2 The Exercise Price is **[insert price]**.

**3. Exercise of Options**

- 3.1 Subject to the earlier expiration of the Options, Vested Options may only be exercised after the occurrence of an IPO and in accordance with clause 6 of the Option Plan.  
3.2 Subject to satisfaction of the performance hurdles (if any) in clause 5 of this Agreement, your Options will vest equally from the date of an IPO ("IPO Date") in accordance with the vesting table below:

| <b>Vesting Date</b> | <b>Maximum no of Options that may Vest at each Vesting Date</b> |
|---------------------|---|
|                     |   |
|                     |   |
|                     |   |

- 3.3 Options may be exercised in parcels of [insert] Options only. However, if the total number of Options held is less than [insert] then the Options must be exercised in full.

#### **4. Expiry Date**

- 4.1 Subject to clauses 4.2 and 4.3, the Options will expire at 5.00pm on the date that is [insert period] following the Grant Date.

- 4.2 If Employee ceases employment with the Company, its Subsidiary or its related body corporate as a result of one of the following events happening:

- (a) Employee is dismissed with cause or has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company or any related body corporate (whether or not charged with the offence); or
- (b) the Voluntary resignation by Employee,

then all the Options expire on the day the Employee ceases employment with the Company, its Subsidiary or its related body corporate.

- 4.3 If Employee ceases employment with the Company, its Subsidiary or its related body corporate as a result of one of the following events happening in respect to Employee:

- (a) Death; or
- (b) Permanent Disablement; or
- (c) Redundancy; or
- (d) Normal retirement at or after the age of 55,

the Employee or the Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) may exercise the vested Options prior to their expiry. All unvested Options expire on the day that the Employee ceases employment with the Company or its related body corporate.

#### **5. Performance Hurdles**

The number of Options that will vest at each Vesting Date (set out in clause 3.2 of this Agreement) is subject to satisfaction of the following performance hurdles:

[insert performance hurdles]

#### **6. Entire agreement**

- 6.1 This Agreement, including the terms and conditions of the Option Plan as incorporated under clause 8, contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this Agreement and has no further effect.

- 6.2 This Agreement sets out the full extent of each party's obligations and liabilities in relation to its subject matter, whether in contract, tort, negligence, breach of statutory duty or otherwise.

