

Stock Option Plan

Graphene Manufacturing Group Ltd

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Details

Date

Defined terms and interpretation

1.1 Defined terms

In these Rules, unless the contrary intention appears:

Term	Definition
Bad Leaver	means a Relevant Person who becomes a Leaver by way of termination or removal for cause, fraud, misconduct, negligence or breach of law.
Blackout Period	has the meaning given to it in clause 8.1(a).
Board	means the board of directors of the Company.
Business Day	means a day that is not a Saturday, Sunday, a public holiday on which banks are open for general banking business in Brisbane, Australia.
Company	means Graphene Manufacturing Group Ltd. ACN 614 164 877.
Compulsory Transfer Notice	has the meaning set out in clause 10.1(c).
Compulsory Transfer Options	means the meaning set out in clause 10.1(c)(i)(B).
Compulsory Transfer Securities	means the meaning set out in clause 10.1(c)(ii)(A).
Compulsory Transfer Shares	means the meaning set out in clause 10.2(a).
Constitution	means the constitution of the Company as amended from time to time.
Constituent Documents	means: <ul style="list-style-type: none">(a) the Constitution;(b) the Shareholders' Agreement;(c) any agreement which governs the management of the Company; and(d) any agreement relating to the issue or transfer of shares in the capital of the Company.
Consultant	means an individual (other than an employee or a director of the Company) or company that: <ul style="list-style-type: none">(a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an affiliate of the



Term	Definition
	Company, other than services provided in relation to a distribution;
	(b) provides the services under a written contract between the Company or the affiliate and the individual or the company, as the case may be; and
	(c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an affiliate of the Company.
Consultant Company	means a Consultant that is a company.
Controller	has the meaning given in section 9 of the Corporations Act.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Deal	when used in relation to an item of property or a right or obligation, includes sell, offer for sale, transfer, assign, Encumber or grant or allow to exist any Encumbrance, trust, option or other right in relation to the whole or any part of the item of property, right or obligation (as applicable), and Dealt with and Dealing have a corresponding meaning.
Discounted Market Price	has the meaning given to it in TSXV policies.
Eligible Person	means any natural person who is a director, officer, employee, Management Company Employee, Consultant or Consultant Company of the Company, officer or director of any Group Company, and who is decided by the Board to be an 'Eligible Person' for the purposes of the Plan.
Encumber	means to grant an Encumbrance.
Encumbrance	means: (a) a PPS Security Interest; (b) any other mortgage, charge, pledge or lien or a preferential or adverse interest of any kind; (c) an easement, restrictive covenant, caveat or similar restriction over property (except, in the case of land, a covenant noted on the certificate of title to the land concerned); (d) an agreement to create any of the items referred to in paragraphs (a) to (c) above or to allow any of those items to exist; (e) a notice under section 255 <i>Income Tax Assessment Act 1936</i> (Cth), subdivision 260- A in



Term	Definition
	schedule 1 <i>Taxation Administration Act 1953</i> (Cth), or any similar legislation; or
	(f) any other right (including under a trust or agency arrangement) of a creditor to have its claims satisfied before other creditors with, or from the proceeds of, or by recourse to any asset and includes any agreement, arrangement or deed conferring that right.
Engagement	means employment or engagement by any Group Company, and Engaged has a corresponding meaning.
Exchange Hold Period	has the meaning given to it in TSXV Policy 1.1 – <i>Interpretation</i> .
Exercise	means the act of exercising the right attached to an Option to require the issue, transfer or allocation of a Share pursuant to Rule 8.
Exercise Notice	means a notice that an Option is Exercised, completed in accordance with Rule 8.4(a).
Exercise Price	means, in relation to an Option, the amount payable by a Participant on the Exercise of that Option, as determined pursuant to Rules 8.5 and 12.
Exit Event	means the first to occur of: <ul style="list-style-type: none">(a) the date on which shares are either or both allotted or transferred under a prospectus (or other relevant offer document) lodged with the Australian Securities and Investments Commission (or an equivalent relevant regulatory body in another jurisdiction) in relation to an IPO;(b) the date on which an agreement for the sale to a third party purchaser of the Share Capital is completed; and(c) the date on which, following a Trade Sale and following the passing of a resolution of Shareholders to approve the distribution and payment to Shareholders of the proceeds of sale that are available for distribution or payment to Shareholders, whether in a winding up, by return of capital, share buy-back or otherwise, those proceeds are paid to Shareholders, or such earlier date that the Company gives notice to the Participants for the purposes of this Plan that it deems an Exit Event to have occurred.
Exit Event Notice	means a notice issued pursuant to Rule 11.2(a).



Term	Definition
Expiry	means, in relation to an Option, the point in time at which that Option can no longer be Exercised, as determined under Rule 9.1 and Expire has a corresponding meaning.
Expiry Date	means, in relation to an Option, the date on which that Option lapses and ceases to be exercisable, as determined pursuant to Rule 9.1(b).
Extension Period	has the meaning given to it in clause 8.1(a).
Good Leaver	means a Leaver that is not a Bad Leaver.
Government Agency	means any government, governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity and includes any other person authorised by law to give consents, or impose requirements.
Group	means the Company and the Company's Subsidiaries from time to time.
Group Company	means any entity which forms part of the Group.
Insider	means: <ul style="list-style-type: none">(a) a director or senior officer of the Company,(b) a director or senior officer of the Company that is an Insider or subsidiary of the Company;(c) a person that beneficially owns or controls, directly or indirectly, voting Shares carrying more than 10% of the voting rights attached to all outstanding voting Shares of the Company, or(d) the Company itself if it holds any of its own securities.
Insolvency Event	means: <ul style="list-style-type: none">(e) for any body corporate, the happening of one or more of the following events:<ul style="list-style-type: none">(i) except for the purpose of a solvent reconstruction or amalgamation which has the prior written consent of the body corporate's board:<ul style="list-style-type: none">(A) process is filed in a court seeking an order that it be wound up or that a Controller be appointed to it, unless the application is withdrawn, struck



Term	Definition
	out or dismissed within seven days of it being filed; or
	(B) an order is made that it be wound up or that a Controller be appointed to it; or
	(C) a resolution that it be wound up is passed or proposed;
(ii)	a liquidator, provisional liquidator, Controller or any similar official is appointed to, or takes possession or control of it;
(iii)	an administrator is appointed to it, a resolution that an administrator be appointed to it is passed or proposed or any other steps are taken to appoint an administrator to it;
(iv)	it enters into, or resolves to enter into, an arrangement, compromise or composition with any of, or any class of, its creditors or members, or an assignment for the benefit of any of, or any class of, its creditors, or process is filed in a court seeking approval of any such arrangement, compromise or composition;
(v)	a reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors is proposed or effected;
(vi)	any action is taken by the Australian Securities and Investments Commission with a view to its deregistration or its dissolution, or an application is successfully made to the Australian Securities and Investments Commission resulting in such action being taken;
(vii)	it is insolvent within the meaning of section 95A of the Corporations Act, states that it is unable to pay its debts or it is presumed to be insolvent under any applicable law;
(viii)	as a result of the operation of section 459F(1) of the Corporations Act, it is



Term	Definition
	taken to have failed to comply with a statutory demand;
(ix)	it stops or suspends or threatens to stop or suspend the payment of all or a class of its debts or the conduct of all or a substantial part of its business;
(x)	any event or circumstance set out in section 461 of the Corporations Act occurs in relation to it; or
(xi)	anything having a substantially similar effect to any of the events specified in paragraphs (i) to (x) inclusive happens to it under the law of any jurisdiction; or
(f)	in relation to an individual, the happening of one or more of the following events:
(i)	the person has committed an act of bankruptcy as defined in section 40 of the <i>Bankruptcy Act 1966</i> (Cth);
(ii)	the person has a bankruptcy notice issued against the person;
(iii)	the person presents a debtor's petition against themselves (whether or not it results in a sequestration order);
(iv)	the person has a sequestration order issued against them by a Court;
(v)	the person has executed, or taken steps to execute, a Part IX debt agreement in accordance with the <i>Bankruptcy Act 1966</i> (Cth);
(vi)	the person has executed, or taken steps to execute, a Part X insolvency agreement in accordance with the <i>Bankruptcy Act 1966</i> (Cth);
(vii)	a receiver or a trustee for creditors or in bankruptcy is appointed to any of the person's property;
(viii)	a garnishee notice is given concerning any money that the person is said to be owed;
(ix)	the person proposes or enters into an arrangement or composition with, or an assignment for the benefit of, any of the person's creditors;



Term	Definition
	<ul style="list-style-type: none">(x) the person proposes or effects a moratorium involving any of the person's creditors;(xi) the person stops or suspends, or threatens to stop or suspend, the payment of all or a class of its debts or the conduct of all or a substantial part of its business;(xii) the person is unable to pay all of the person's debts as they fall due or is presumed to be insolvent under any applicable law;(xiii) the person becomes an 'insolvent under administration' as defined in section 9 Corporations Act;(xiv) anything having a substantially similar effect to any of the events specified in paragraphs (i) to (xiii) inclusive of this definition happens to the person under the law of any jurisdiction; or
	the person is imprisoned for a period of greater than one month or becomes incapable of managing his or her own affairs.
Investor Relations Activities	means any activities, by or on behalf of the Company or Shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include: <ul style="list-style-type: none">(d) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company<ul style="list-style-type: none">(i) to promote the sale of products or services of the Company, or(ii) to raise public awareness of the Company, that cannot reasonably be considered to promote the purchase or sale of securities of the Company;(e) activities or communications necessary to comply with the requirements of:<ul style="list-style-type: none">(i) applicable securities laws;(ii) Stock Exchange rules or the by-laws, rules or other regulatory



Term	Definition
	instruments of any other self regulatory body or exchange having jurisdiction over the Company.
	(f) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if: <ul style="list-style-type: none">(i) the communication is only through the newspaper, magazine or publication, and(ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
	(g) activities or communications that may be otherwise specified by the Stock Exchange.
Investor Relations Service Provider	Means a Consultant that performs Investor Relations Activities and any director, officer, employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities.
IPO	means an initial public offering of shares in the Company or any Group Company from time to time in conjunction with an application for the quotation of those shares on a Stock Exchange.
Issue Date	means, in relation to an Option, the date that Option is issued to a Participant.
Leaver	means a Relevant Person who ceases to be employed or engaged by the Group: <ul style="list-style-type: none">(a) having been employed by a Group Company on a full time, part time or casual basis, ceases to be employed by that or any other Group Company on a full time, part time or casual basis (as applicable);(b) having been engaged by a Group Company as a Consultant, ceases to be engaged by that or any other Group Company;(c) having been a non-executive director of a Group Company, ceases to be a non-executive director of that or any other Group Company; or



Term	Definition
	(d) otherwise, ceases to be Engaged by a Group Company.
Listed	means admitted to the official list of a Stock Exchange.
Listing Rules	means the listing rules of any Stock Exchange on which the Company is Listed.
Management Company Employee	has the meaning ascribed thereto in TSXV Policy 4.4.
Matrimonial Proceedings	means any proceedings instituted as a matrimonial cause (as defined in the <i>Family Law Act 1975</i> (Cth)) or de facto financial cause (as defined in the <i>Family Law Act 1975</i> (Cth)) in a court of law, including any incidental proceedings, and includes any substantially similar type of proceedings instituted in any other jurisdiction.
Option	means an option entitling the holder to subscribe for one Ordinary Share in the Company, issued to an Eligible Person pursuant to this Plan.
Option Agreement	means an agreement, substantially in the form attached hereto as Schedule 1, with such additions thereto or modifications thereof as may be approved by the Company prior to or at the time an option is granted, whereby the Company grants to an Eligible Person an Option
Optionholder	means an Eligible Person who has been granted Options in accordance with this Plan and has returned a countersigned Option agreement to the Company pursuant to Rule 5.7.
Ordinary Shares	means ordinary shares in the capital of the Company having the rights and being subject to the restrictions set out in the Constitution.
Participant	means, subject to Rule 16.6, an Optionholder who is registered as the holder of an Option in the register of the Company..
Performance-based Vesting Condition	means a Vesting Condition set in accordance with clause 7.1(b)(ii) based on the achievement of a Performance Target.
Performance Target	means an objective, target or status which must be achieved or maintained in order to satisfy a Performance-based Vesting Condition as set out in the Option Agreement.
Plan	means this Stock Option Plan, the rules of which are set out in this document (and as amended from time to time).



Term	Definition
PPS Security Interest	means a security interest as that term is defined in the PPSA.
PPSA	means the <i>Personal Property Securities Act 2009</i> (Cth).
Promoter	has the meaning given to it in TSXV Policy 1.1 – <i>Interpretation</i> .
Related Body Corporate	has the meaning given to it in the Corporations Act.
Relevant Person	in respect of an Option and a Participant, means: (a) the person specified as the Relevant Person in the relevant Option Agreement; or (b) if no person is specified pursuant to paragraph (a), the Eligible Person to whom the Option Agreement in respect of that Option was originally issued.
Resale Restrictions	means restrictions on the ability to trade securities, including restrictions imposed under applicable securities laws such as hold periods and notice requirements, the Exchange Hold Period and any restrictions under applicable escrow or pooling agreements.
Rules	means these Plan rules as amended from time to time and Rule means a numbered paragraph of these Plan rules.
Securities	means any shares or other securities issued by the Company, whether convertible into shares in the Company or otherwise.
Service-based Vesting Condition	means a Vesting Condition set in accordance with clause 7.1(b)(i) based on the period of Engagement of the Relevant Person by a Group Company, the continued Engagement of the Relevant Person by a Group Company or the Good Leaver or Bad Leaver status of a Relevant Person.
Share	means a fully paid Ordinary Share underlying an Option (as specified in an Option Agreement) and includes a Share issued on the Exercise of an Option as the context requires..
Share Capital	means all of the issued shares in the Company.
Share Price Vesting Condition	means a Vesting Condition set in accordance with 7.1(b)(iii) based on the price of a Share, determined by reference to the value of the Company.
Shareholders' Agreement	means the shareholders' agreement relating to the Company (if any) as amended from time to time.
Stock Exchange	means any recognised stock exchange, including the TSXV, or securities market on which any part of the share



Term	Definition
	capital of the Company (or any part of the share capital of a Related Body Corporate of the Company) is quoted (including in a jurisdiction outside of Australia).
Taxes	means a tax, levy, impost, charge, deduction, withholding or duty of any nature (including stamp and transaction duty) imposed or levied by any Government Agency or required to be remitted to, or collected, withheld or assessed by, any Government Agency, together with any related interest, penalty, fine, expense or other charge on those amounts.
Trade Sale	<p>means the sale (whether by way of a single transaction or a series of transactions) of:</p> <ul style="list-style-type: none">(a) all of the Group Companies;(b) all of the main operating Subsidiaries of the Group;(c) the whole or a substantial part of the Group's business; or(d) all or substantially all of the assets of the Company and its Subsidiaries, <p>in each case to a third party purchaser.</p>
Trigger Event	<p>means in respect of a Relevant Person:</p> <ul style="list-style-type: none">(a) the Relevant Person becomes a Good Leaver;(b) the Relevant Person suffers an Insolvency Event (without the written approval of the Board);(c) the Relevant Person becomes a Bad Leaver;(d) the Relevant Person Deals with, or purports to Deal with, any of its Options or Shares in breach of this Plan (without the written approval of the Board); or(e) any Matrimonial Proceedings are instituted and any court or Government Agency of competent jurisdiction orders the sale or transfer of the Shares held by the Relevant Person.
TSXV	TSX Venture Exchange
Unvested Option	means an Option which is not a Vested Option.
Vested Option	means an Option which is a vested Option pursuant to Rule 7.2.
Vesting Condition	means, in relation to an Option, a condition which must be satisfied or waived before that Option becomes a



Term	Definition
	Vested Option, as set out in the relevant Option Agreement.

1.2 Interpretation

In these Rules, unless the context otherwise requires:

- (a) terms defined in the Corporations Act and, while the Company is Listed, the Listing Rules, have the same meaning in these Rules;
- (b) words importing:
 - (i) the singular include the plural and vice versa; and
 - (ii) any gender includes all genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to:
 - (i) a person includes any, individual, firm, association, body corporate, partnership, joint venture, trust and government or statutory body, agency or authority;
 - (ii) a person includes its legal personal representatives, executors, heirs, administrators, and successors, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
 - (iii) a law includes any statute, ordinance, code, legislation, judgment, rule of common law or equity or rule of any applicable stock exchange, regulations, by-law or other subordinate legislation or statutory instrument and is a reference to that law as amended, consolidated, supplemented, re-enacted or replaced;
 - (iv) a right includes a benefit, remedy, discretion, authority or power;
 - (v) an agreement includes any undertaking, representation, deed, agreement or legally enforceable arrangement or understanding whether written or not;
 - (vi) a Rule or schedule is a reference to a Rule of or schedule to this Plan and a reference to this Plan includes any schedule;
 - (vii) '\$' or 'dollar' is to Australian currency; and
 - (viii) time is a reference to time in the place at which the Company's head office is located;
 - (ix) a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied or replaced;
 - (x) any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them;



- (e) the words **includes** or **including**, **for example** or **such as** when introducing a list of items do not exclude a reference to other items, whether of the same class or genus or not;
- (f) where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day; and
- (g) if a period starts from, after or before a day or the day of an act or event, it excludes that day.

1.3 **Headings**

Headings are for convenience only and do not affect the interpretation of these Rules.

2. Introduction

2.1 **Acknowledgment**

The Company's predominant business does not relate to the acquisition, sale or holding of shares, securities or other investments.

2.2 **Purpose**

The Company has established this Plan to provide Eligible Persons with an opportunity to share in the ownership of the Group in order to:

- (a) promote the long-term success of the Group;
- (b) provide a strategic, value based reward for Eligible Persons who make a key contribution to that success;
- (c) align Eligible Persons' interests with the interests of the Company's shareholders; and
- (d) promote the retention of Eligible Persons.

2.3 **Commencement and term of Plan**

This Plan will commence upon its approval and adoption by the Board and will continue until terminated by the Board.

2.4 **Advice**

- (a) Eligible Persons and Participants must ensure that they understand the legal and tax consequences associated with participation in the Plan.
- (b) Each person who completes and returns an Option Agreement to the Company acknowledges and agrees that the Group and its officers and employees make no representation or warranty concerning the financial benefit or taxation consequences of participating in the Plan.
- (c) Participants are advised that any advice given by the Group and its officers, employees and representatives is general advice only. Participants should consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice.



2.5 **Operation of the Plan**

- (a) The Plan operates according to these Rules which bind each Group Company and each Eligible Person and Participant.
- (b) Options issued under this Plan are subject to these Rules.

2.6 **Inconsistency**

To the extent of any inconsistency between this Plan and any Option Agreement, an Option Agreement takes priority over this Plan unless a provision of this Plan is expressed to be incapable of modification.

3. **Administration of the Plan**

3.1 **Administration by the Company**

- (a) The Plan will be administered by the Company in accordance with these Rules.
- (b) The Company may make further provisions for the operation of the Plan which are consistent with these Rules.

3.2 **Board powers**

Subject to the general purpose, terms and conditions of this Plan, the Board will have full power and authority to implement and carry out this Plan including the power and authority to:

- (a) delegate some or all of the administration of the Plan to any person or persons or committee or sub-committee, for any period and on any terms and conditions it decides, to exercise any of its powers or discretions under the Plan;
- (b) decide on appropriate procedures for administering the Plan, including the forms and notices to be issued under the Plan;
- (c) amend (in accordance with Rule 14), add to or waive any provision of the Plan (including this Rule) in relation to any or all Participants;
- (d) correct any defect, supply any omission or reconcile any inconsistency in this Plan;
- (e) determine that any decision made, or permission given, under the Plan, is subject to further conditions decided by the Board; and
- (f) make all other administrative determinations which the Board considers necessary or desirable for the administration of this Plan.

The decision of the Board as to the interpretation, effect or application of this Plan will be final.

3.3 **Company and Board's discretion**

- (a) Subject to the express requirements of these Rules, including Rule 3.1, the Company and the Board each have absolute and unfettered discretion:
 - (i) to act or refrain from acting under these Rules or concerning the Plan; and



(ii) in exercising any power or discretion concerning the Plan or any rights under the Plan.

(b) The Company and the Board are not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

3.4 **Limit on powers, discretions and obligations**

Any power or discretion which is conferred on the Board by these Rules must be exercised 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.

3.5 **Independent advice by Board**

The Board or a committee may take and rely upon independent professional or expert advice in relation to the exercise of any of their powers or discretions under this Plan.

3.6 **Documents**

The Company may from time to time require a Participant to complete and return any documents that are required by law to be completed by the Participant and any other documents which the Company considers should, for legal or taxation reasons, be completed by the Participant.

3.7 **Termination Benefits**

This Rule applies to any benefit, which may be required to be provided by any Group Company (**Benefit**). This Rule applies notwithstanding, and overrides, any other provision of this Plan and any agreement, understanding, policy, plan, scheme or arrangement (**Arrangement**). Notwithstanding any Arrangement, no person will be entitled to any Benefit in connection with any person's cessation of Engagement, if the giving of the Benefit would give rise to a breach of Part 2D.2 of the Corporations Act, any other provision of the Corporations Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such Benefits (**Limiting Legislation**). If any Limiting Legislation limits the amount of the Benefit, or the amount of the Benefit that may be given without obtaining shareholder approval, the Benefit is capped at that amount and no further Benefit is required to be provided to the relevant person. The relevant Group Company may reduce any Benefit in such manner as it determines appropriate to ensure compliance with Limiting Legislation and so that shareholder approval does not need to be obtained. No Group Company is required to seek or obtain the approval of its shareholders for the purpose of overcoming any limitation or restriction imposed by any Limiting Legislation.

3.8 **Foreign government requirements and sub-plans**

The Company may take any action consistent with the terms of this Plan, either before or after a Plan Share has been issued or transferred to a Participant, which the Company deems necessary or advisable to comply with any laws or regulatory requirements of a foreign country, including but not limited to, modifying or amending the terms and conditions governing any Plan Shares, or establishing any local country plans as sub-plans to this Plan. In addition, under all circumstances, the Company may make amendments to this Plan so as to conform with or take advantage of governmental requirements, statutes or regulations.



4. Participation in the Plan

4.1 Board Authority

The Board shall have the authority to issue Options and set the terms of Options in accordance with the terms of this Plan and applicable policies of the Stock Exchange. The Board may from time to time authorize the issue of Options to Eligible Persons.

4.2 Entitlement to be granted or issued Options

An Eligible Person is:

- (a) not entitled to be granted or issued any Options until; and
- (b) only able to participate in the Plan,

once the requirements of this Plan are satisfied.

The Company is responsible for ensuring and confirming that any employee, Consultant or Consultant Company of the Company receiving Options under this Plan is a bona fide employee, Consultant or Consultant Company of the Company, as the case may be.

4.3 Board's discretion

- (a) Subject to Rule 3.1, the Board may determine in its discretion:
 - (i) the timing of the issue of any Option Agreement; and
 - (ii) the terms of any person's proposed participation in the Plan, including the class, number and terms of Options to be granted or issued under the Plan.
- (b) Eligible Persons may be invited to participate in the Plan on different terms.
- (c) An Eligible Person may be issued with more than one Option Agreement, in which case each Option Agreement may contain different terms.

5. Options and Shares

5.1 Rights attaching to Options

Subject to Rules 8 to 12, each Option entitles the Participant to subscribe for, and be issued with, or be transferred or allocated, one Ordinary Share, provided that:

- (a) the relevant Option is a Vested Option; and
- (b) the Participant Exercises the Option prior to the Expiry Date, in accordance with these Rules and the relevant Option Agreement.

5.2 Rights of Shares

A Share issued, transferred or allocated on the Exercise of an Option will:

- (a) rank equally, on and from its date of issue, in all respects with any Shares of the same class which are then on issue; and



(b) be subject to the Constituent Documents.

5.3 **Participation rights**

Options confer no right to participate in, and a Participant is not entitled to participate in, any new issue of shares to existing holders of shares in the capital of the Company, unless an Option is exercised and the Participant is registered as a holder of Shares, and then only to the extent that the registered holder of those Shares would otherwise be entitled to participate as a member of the Company.

5.4 **Participants' obligations**

Participants issued Options under this Plan are bound by these Rules, the relevant Option Agreement, the Constitution and, if applicable, the Constituent Documents.

5.5 **Quotation of Options and Shares**

Options will not be quoted on any Stock Exchange unless the Company determines otherwise.

5.6 **Limits on Shares Issuable on Exercise of Options**

The aggregate number of Shares reserved for issuance pursuant to Options granted under the Plan (including those Shares issuable upon the exercise of pre-existing Options) together with those Shares reserved for issuance pursuant to Options granted at such time under any other established or proposed share compensation arrangement of the Company (to which such limits apply under applicable policies of the TSXV) shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis at any point in time.

Any Shares subject to an Option which has been granted under the Plan and which has been subsequently settled in cash, cancelled, terminated, surrendered, forfeited or expired without being exercised, and pursuant to which no securities have been issued, in accordance with the terms of the Plan, without having been exercised, will again be available for issuance pursuant to the exercise of Options granted under the Plan.

The number of Shares which may be issuable under this Plan and all of the Company's other previously established or proposed share compensation arrangements (to which such limits apply under applicable policies of the TSXV):

- (a) in any 12-month period, to any one person (and companies wholly owned by that person), shall not exceed 5% of the total number of issued and outstanding Shares on the Issue Date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
- (b) at any point in time, to Insiders (as a group) shall not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
- (c) in any 12-month period, to Insiders (as a group) shall not exceed 10% of the total number of issued and outstanding Shares on the Issue Date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;



- (d) in any 12-month period, to any one Consultant shall not exceed 2% of the total number of issued and outstanding Shares on the Issue Date on a non-diluted basis; and
- (e) in any 12-month period, to all Investor Relations Service Providers shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Issue Date on a non-diluted basis.

5.7 **Option Agreements**

Each Option shall be confirmed by the execution of an Option Agreement. Each Participant shall have the option to purchase from the Company the Shares at the time, in the manner and subject to the terms and condition set out in this Plan and in the Option Agreement applicable to that Participant. For stock options to employees, Consultants or Consultant Companies, the Company and the Participant are representing herein and in the applicable Option Agreement that the Participant is a bona fide employee, Consultant or Consultant Company, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan. Option Agreements may be executed electronically.

5.8 **Option Non-Assignable and Non-Transferable**

Options granted under this Plan are non-assignable and non-transferable by a Participant other than pursuant to a will or by the laws of descent and distribution, and such Option shall be exercisable, during an Participant's lifetime, only by the Participant.

6. **Restrictions on hedging and Dealing**

6.1 **Restrictions on hedging**

Participants must not enter into any schemes, arrangements or transactions, including hedging arrangements, that hedge or protect the value of Options allocated under the Plan or Shares which will be issued, transferred or allocated on Exercise of Options.

6.2 **Restrictions on Dealing with Options and Shares**

Subject to the Board's rights under Rule 3.2, a Participant must not Deal with any Option or Shares, or any right or obligation under this Plan (including appointing a nominee to hold the Options) unless the Dealing does not contravene these Rules, the relevant Option Agreement and the Constituent Documents, and one of the following conditions are satisfied

- (a) the Eligible Person becomes a Leaver;
- the Dealing has the written consent of the Board; or
- (b) the Dealing is required by these Rules.

6.3 **General requirements for Dealing**

Any Dealing with an Option, Share or any right or obligation under this Plan must be undertaken in a form and manner approved by the Board acting reasonably.



6.4 Void Dealings

If any Dealing with an Option, Share or any right or obligation under this Plan, or any scheme, arrangement or transaction, breaches this Rule 6:

- (a) it will be treated as void as against the Company, the members of the Company and any Participant; and
- (b) the Board may
 - (i) cancel, on terms determined by the Board, some or all of the Options of the Participant that has breached this Rule 6, including cancelling those Options for nil consideration; or
 - (ii) buy-back, on terms determined by the Company, some or all of the Shares or of the Participant that has breached this Rule 6, including for nil consideration.

6.5 Restrictions on Dealing with Shares in addition to the Shareholders' Agreement

Any restrictions on Dealing with Shares under this Plan apply in addition to the provisions of the Shareholders' Agreement.

7. Vesting of Options

7.1 Vesting Conditions

- (a) An Option may be granted or issued subject to Vesting Conditions as determined by the Board.
- (b) Vesting Conditions may be:
 - (i) based on the period of service of the Relevant Person, the Relevant Person's continuous Engagement until a certain date or the Relevant Person's status as a Good Leaver or a Bad Leaver (**Service-based Vesting Condition**);
 - (ii) based on a Performance Target being achieved (**Performance-based Vesting Condition**);
 - (iii) based on the price of a Share, determined by reference to the value of the Company (**Share Price Vesting Condition**); and/or
 - (iv) based on any other matter determined by the Board.
- (c) Notwithstanding the foregoing or anything else to the contrary in this Plan, no Investor Relations Service Providers shall be granted or issued Options subject to a Share Price Vesting Condition.

7.2 Vested Options

An Option is a Vested Option if:

- (a) it is not subject to any Vesting Conditions; or
- (b) it is no longer subject to any unsatisfied Vesting Conditions; or



- (c) all Vesting Conditions in respect of the Option have been satisfied or waived by the Board pursuant to these Rules.

7.3 **Vesting Conditions satisfied at the discretion of the Board**

Notwithstanding any other provision of this Plan, the Board may:

- (a) waive any Vesting Condition, other than a Vesting Condition with respect to Options granted to an Investor Relations Service Provider, which waiver will be subject to the approval of the TSXV; and
- (b) determine that any of the following is satisfied notwithstanding that they may not be:
 - (i) a Performance Target;
 - (ii) a Performance-based Vesting Condition;
 - (iii) a Service-based Vesting Condition; and/or
 - (iv) a Share Price Vesting Condition.

7.4 **Confirmation of satisfaction or waiver of Vesting Conditions**

A Participant may request the Board to confirm to the Participant whether a Vesting Condition applicable to the Participant has been satisfied or waived, in which case the Board must provide that confirmation to the Participant as soon as is reasonably practicable.

7.5 **Satisfaction of Service-based Vesting Condition**

- (a) Unless otherwise specified in the relevant Option Agreement, a Service-based Vesting Condition is satisfied if:
 - (i) the relevant Participant is Engaged by a Group Company on a continuous basis until the date specified in the relevant Option Agreement;
 - (ii) the relevant Participant is a Good Leaver;
 - (iii) the relevant Participant completes the number of years continuous Engagement specified in the relevant Option Agreement; or
 - (iv) the Board determines that the Service-based Vesting Condition is to be treated as satisfied notwithstanding that it may not have been.
- (b) For the purpose of Rule 7.5(a):
 - (i) Engagement may be with one or more Group Companies and need not be continuously with any particular Group Company, provided that the Participant is at all relevant times Engaged by at least one Group Company; and
 - (ii) any approved leave taken by a Participant will be treated as forming part of that Participant's period of Engagement.

7.6 **Satisfaction of Performance-based Vesting Condition**

A Performance-based Vesting Condition is satisfied if, and only if:



- (a) the relevant Performance Target is achieved, as determined by the Board; or
- (b) the Board determines that the Performance-based Vesting Condition is to be treated as satisfied notwithstanding that it may not have been.

7.7 **Satisfaction of Share Price Vesting Condition**

A Share Price Vesting Condition is satisfied if, and only if:

- (a) the relevant price of an Ordinary Share set out in the Option Agreement is achieved; or
- (b) the Board determines that the Share Price Vesting Condition is to be treated as satisfied notwithstanding that it may not have been.

7.8 **Vesting Conditions for Options held by Investor Relations Service Providers**

- (a) All Options granted to any Investor Relations Service Providers will vest in stages over a period of not less than 12 months, such that no more than $\frac{1}{4}$ of the Options vest in any one 3-month period.
- (b) Without the prior written approval of the TSXV, vesting provisions with respect to Options granted to Investor Relations Service Providers may not be accelerated or waived.

8. Exercise of the Options

8.1 **Exercise**

- (a) Vested Options may be Exercised at any time prior to their Expiry or at any time the Board determines. In the event that the Expiry of a Vested Option falls during a trading blackout period imposed by the Company (the "**Blackout Period**"), the Expiry of such Option shall be automatically extended to a date which is ten (10) trading days following the end of such Blackout Period (the "**Extension Period**"), subject to no cease trade order being in place under applicable securities laws, provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period to enable the exercise of such Option within ten (10) trading days following the end of the last imposed Blackout Period.
- (b) The Exercise of a Vested Option is conditional upon:
 - (i) the Optionholder complying with Rule 8.4; and
 - (ii) if required by the Corporations Act, the Optionholder first executing a consent to become a member of the Company in a form acceptable to the Board.

8.2 **Unvested Options not to be Exercised**

Notwithstanding any other provision of this Plan, Unvested Options may not be Exercised under any circumstance.

8.3 **Expired Options not to be Exercised**

Notwithstanding any other provision of this Plan, no Option may be Exercised after it has Expired.



8.4 Manner of Exercise

Subject to Rules 8.2 and 8.3 and the relevant Option Agreement, a Participant may Exercise any of its Vested Options by:

- (a) delivering to the Board:
 - (i) a written notice substantially in the form of Schedule 2 (or in such other form approved by the Board acting reasonably) duly completed and executed by the Participant (**Exercise Notice**);
 - (ii) the Option Agreement or certificate(s) for those Options (if any has been issued);
 - (iii) unless otherwise notified by the Company, a deed of accession to any Shareholders' Agreement (in a form approved by the Board acting reasonably) duly completed and executed by the Optionholder; and
 - (iv) such other documents as may be required by the Board in connection with any Exit Event or under any Shareholders' Agreement, including documents which are required of holders of Shares even though the Participant may not yet be a holder of such Shares;
- (b) paying the Company the Exercise Price in respect of the Options as required by Rules 8.5 and 8.6; and
- (c) if the Company has issued an Exit Event Notice, doing anything required by that Exit Event Notice,

each prior to the Expiry of the Option.

8.5 Exercise Price

Subject to any adjustment under Rule 12, the Exercise Price of an Option is the price determined by the Board from time to time. For greater certainty, the Exercise Price of an Option issued may not be less than the Discounted Market Price at the time the Option is granted or such other price as determined by the TSXV from time to time.

In addition to any Resale Restrictions under applicable securities laws, Options and Option Shares that are subject to the Exchange Hold Period pursuant to TSXV Policy 1.1 – *Interpretation* must be legended with the Exchange Hold Period commencing on the date the Options were granted, and the Option Agreement shall contain any applicable Resale Restrictions or Exchange Hold Period.

Notwithstanding anything else to the contrary in this Plan, disinterested shareholder approval will be obtained for any reduction in the Exercise Price or any extension to the term of any Option granted under this Plan if the Optionholder is an Insider of the Company at the time of the proposed amendment.

8.6 Payment of Exercise Price

The Exercise Price of an Option must be paid to the Company, or to a third party at the direction of the Board, by:

- (a) bank cheque;



- (b) electronic funds transfer to a bank account nominated by the Board; or
- (c) in any other manner involving a transfer of funds approved by the Board (including a manner whereby the actual transfer of funds to the Company occurs after proceeds from an Exit Event have been received).

8.7 **Issue, transfer and allocation of Shares on Exercise**

- (a) If an Option is Exercised in accordance with Rule 8.4, the Company must issue, or must procure that a third party issues or transfers, subject to Rule 8.7(b), one Ordinary Share.
- (b) The Board may adopt procedures for the issue of Shares on the Exercise of an Option which may (amongst other things) specify times, intervals or periods at or during which the Company will issue Shares on the Exercise of an Option.

9. Expiry

9.1 **Expiry**

- (a) An Option Expires at 5.00 pm (local time in Brisbane, Australia) on the Expiry Date.
- (b) The **Expiry Date** is, unless an Option Agreement provides to the contrary, the earlier of:
 - (i) **(ceasing to be Engaged – all Options)** 12 months after the date on which the Participant becomes a Leaver;
 - (ii) **(Exit Event – all Options)** immediately prior to the occurrence of an Exit Event;
 - (iii) **(Death of an Optionholder)** at any time not exceeding 12 month's from the date of the Optionholder's death; and
 - (iv) the date that is ten years after the Issue Date.

9.2 **Effect of Expiry**

All rights and obligations attaching to an Option cease to be of any force or effect once the Option Expires.

10. Compulsory transfers

10.1 **Notice of compulsory transfer**

- (a) If a Trigger Event occurs in respect of a Participant, that Participant must immediately notify the Company.
- (b) The Board may at any time make enquiries of the Participant to assess whether a Trigger Event has occurred and the Participant must promptly provide to the Board any information that they reasonably request.
- (c) If a Trigger Event occurs in respect of a Participant then the Board may at any time within 3 months of becoming aware of the Trigger Event without limiting the application of and



rights under Rule 6.4, serve a notice (**Compulsory Transfer Notice**) in writing on the Participant:

- (i) where the Participant holds Options:
 - (A) subject to the Participant who is a Leaver being afforded the prescribed 14 days to exercise its Vested Options after becoming a Leaver in accordance with rule 8.1 and 9.1(b)(i) (only), cancelling all or some of the Options held by the Participant; or
 - (B) requiring the Participant to sell and transfer on the date specified by the Board all or some of the Options held by that Participant (**Compulsory Transfer Options**) to any person nominated by the Board at the price determined under Rule 10.2(a) and the Participant must comply with such notice; or
- (ii) where the Participant holds Shares:
 - (A) requiring the Participant to sell and transfer on the date specified by the Board all or some of the Shares held by that Participant (**Compulsory Transfer Shares**) to any person nominated by the Board at the price determined under Rule 10.2(a) and the Participant must comply with such notice; or
 - (B) require the redemption, buy back or purchase by the Company of all or some of the Shares as soon as practicable (subject to and in accordance with the provisions of the Corporations Act) at the price determined under Rule 10.2(a). If such a redemption, buy back or purchase is so required, then the Participant (as well as any other parties, if required) must do all things reasonably required by the Board to give effect to the redemption, buyback or purchase, including all things required under the Corporations Act to approve or otherwise give effect to the redemption, buy back or purchase.
- (d) Where the Trigger Event is an event described in (a) or (e) of its definition (only), the Board's discretion at rule 10.1(c) must be exercised acting reasonably, taking into reasonable consideration the Company's interests, as well as the Participant's length of tenure and objective performance within the scope of the Participant's engagement with the Company as a whole. Nothing in this clause affects the Board's absolute discretion in respect of the events described at (b), (c), (d) and (f) of the definition of "Trigger Event".

10.2 Price

- (a) The price for the Compulsory Transfer Options or Compulsory Transfer Shares (as the context requires) (**Compulsory Transfer Securities**) is:
 - (i) in circumstances where the Participant is a Good Leaver and each of paragraphs (c), (d) and (f) of the definition of "Trigger Event" do not apply, the fair market value of the Compulsory Transfer Securities (as determined in accordance with Rule 10.4); and



in circumstances where the Participant is a Bad Leaver or any of the paragraphs (c), (d) or (f) of the definition of "Trigger Event" otherwise apply, the the Exercise Price per Share for the Compulsory Transfer Securities; or

- (ii) any higher price determined by the Board or other price agreed between the relevant Participant and the Board.
- (b) Completion of the sale of the Compulsory Transfer Securities must occur on the date specified in the Compulsory Transfer Notice or otherwise determined by the Company.
- (c) The consideration payable for all Compulsory Transfer Securities which will be transferred concurrently under Rule 10.2(a) in respect of a Participant must be rounded up to the nearest whole cent.

10.3 **Partial acquisition**

If the Company elects to call for the sale and transfer of less than 100% of the Participant's Options or Shares under Rule 10.1(c), the Participant may retain the balance of the Options or Shares pursuant to the terms of the Constitution and this Plan.

10.4 **Value of Compulsory Transfer Shares**

The fair market value of the Compulsory Transfer Securities for the purposes of this Rule 10 is to be determined:

- (a) by the agreement of the Participant and the Board; or
- (b) if the Participant and the Board cannot agree on the value of the Compulsory Transfer Securities under Rule 10.4(a), by the Board acting in good faith within 20 days of the date of the Compulsory Transfer Notice.

11. **Exit Event**

11.1 **Treatment of Options on Exit Event**

- (a) Where the Company expects that an Exit Event will occur, the Board may exercise its discretion to :
 - (i) waive any Vesting Condition and/or deem any Vesting Condition to be satisfied, other than a Vesting Condition with respect to Options granted to an Investor Relations Service Provider, which waiver will be subject to the approval of the TSXV; and/or
 - (ii) procure the purchase or cancellation of any or all Options which have not been Exercised (subject to the Exit Event occurring) for:
 - (A) an amount agreed with the Optionholder; or
 - (B) an amount determined by the Board to be equivalent to the consideration that the Optionholder would have received (less any amounts that would have been payable by that Optionholder had those Options been Exercised) on completion of the Exit Event had their Options been



Exercised and the corresponding Shares, which would have been issued to them on such Exercise, been Dealt with under the Exit Event; and/or

- (iii) cancel any or all Options and arrange for options to acquire shares in the bidder to be granted or issued to the Participant on substantially the same terms as these Options and subject to substantially the same Vesting Conditions (if applicable), but with any appropriate adjustments decided by the Board to the number of shares in the bidder to be issued on exercise of those options or the exercise price of those options, to as nearly as possible ensure the financial position of the Participant whose options are substituted remains the same; and/or
 - (iv) do nothing, and allow the Options to continue in accordance with their terms.
- (b) A waiver or determination under Rule 11.1(a) is subject to Rule 11.4(c) unless otherwise determined by the Board.

11.2 **Exit Event Notice**

- (a) No later than five Business Days prior to an Exit Event, the Board must provide notice of the Exit Event to each Participant (**Exit Event Notice**).
- (b) An Exit Event Notice must specify:
 - (i) that an Exit Event is expected to occur;
 - (ii) the date on which the Exit Event is expected or proposed to occur (if then known);
 - (iii) whether or not the Board has exercised any of its discretions under Rule 11.1(a), and if it has, the result of that exercise including the number of the Participant's Options that are, or will become, Vested Options;
 - (iv) otherwise, set out the Board's best estimate of the number of the Participant's Options which are, or will upon the Exit Event become, Vested Options pursuant to any Vesting Conditions in the ordinary course; and
 - (v) the date by which a Participant must notify the Company that they Exercise their Options (that are Vested Options or deemed to be Vested Options) contingent on the Exit Event occurring in accordance with Rule 11.3, which must be not less than three Business Days after the date of the Exit Event Notice.
- (c) Inadvertent non-compliance with Rule 11.2(b) does not invalidate an Exit Event Notice.

11.3 **Exercise of Vested Options following Exit Event Notice**

Once an Exit Event Notice has been issued, a Participant may give notice to the Company that they Exercise their Options (that are Vested Options or deemed to be Vested Options) contingent on the Exit Event occurring, provided that such notice by a Participant must be received by the Company not later than the date specified in the Exit Event Notice.

11.4 **If Exit Event does not subsequently occur**

Unless otherwise determined by the Board, if an Exit Event Notice has been given but the relevant Exit Event does not or will not occur (as reasonably determined by the Board):



- (a) all Exit Event Notices, Exercise Notices and documents executed in response to any Exit Event Notice are deemed to be void and of no effect;
- (b) any monies paid to the Company in accordance with Rule 8.4(b) in response to any Exit Event Notice must be returned to the relevant Participant and no interest will be payable on those monies by the Company;
- (c) any Unvested Option which became a Vested Option (contingently or otherwise) in accordance with Rule 11.1(a) will be deemed to be an Unvested Option with the same unsatisfied Vesting Conditions that existed prior to the issue of the Exit Event Notice;
- (d) any Option which was Exercised or cancelled (contingently or otherwise) in connection with an Exit Event Notice will be deemed never to have been Exercised or cancelled, and remains on issue on the same terms as existed prior to the issue of the Exit Event Notice; and
- (e) the Exit Event Notice will be deemed to have never been given.

11.5 **Notice of lapse of Exit Event Notice**

If Rule 11.4 applies to an Exit Event Notice, the Board must give each Participant notice of that fact as soon as reasonably practicable.

12. Adjustment of Options on capital reorganisation

12.1 **Reconstructions**

Subject to Rule 12.3, if:

- (a) Securities are issued pro rata to the Company's shareholders generally by way of bonus issue (other than an issue in lieu of dividends) involving capitalisation of reserves or distributable profits; or
- (b) any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected,

the number of Options to which each Optionholder is entitled, or the amount (if any) payable on exercise of the Options (or both, as appropriate) will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage (including any dilution of an Optionholder's interest) accrues to the Optionholder as a result of such corporate actions; *provided that* any adjustment, other than in connection with a security consolidation or security split, to Options granted under this Plan must be subject to the prior acceptance of the TSXV, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

12.2 **Notification**

The Board must notify each Optionholder of any adjustments made pursuant to Rule 12.1 as soon as reasonably practicable. A failure to do so will not affect the adjustment.

12.3 **Exclusion**

Rule 12.1 does not apply to a grant or issue of Options to other Eligible Persons or to directors or officers of the Company, whether under the Plan or otherwise.



13. Calculations and fractional entitlements

13.1 Application and calculation

The Board may make any decisions on adjustments or rounding of fractional entitlements or Options which it considers necessary or desirable in connection with Rule 12.1 or another provision of these Rules.

13.2 Fractional Shares

Where any provision of these Rules or an Option Agreement would result in the issue, transfer or allocation of a fractional number of Shares (including a buy back under Rule 10), that provision is to be construed so that the number is to be rounded down to the nearest whole number, unless expressly stated otherwise or determined by the Board.

13.3 Calculations binding

The decisions of the Board or the Company respectively as to all calculations made by them under these Rules are final, conclusive and binding on the Participant and any person with any interest in any Options in the absence of manifest error.

14. Review, amendment, suspension and termination

14.1 Review and amendment of the Rules

Subject to Rule 14.2(a):

- (a) on the fifth anniversary of the adoption of these Rules, the Board must review these Rules and consider (acting reasonably) any appropriate changes to these Rules, including the Vesting Conditions; and
- (b) the Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders (or disinterested shareholders, if required), Stock Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

14.2 Limitation on amendment

- (a) Subject to Rule 15.2, in respect of Options which have already been issued as at the date of any proposed alteration proposed to be made under Rule 14.1, the Board may not make any such alteration which would be materially prejudicial to the rights of the Participant without the agreement of the relevant Participant.
- (b) As soon as reasonably practicable after making any amendment under this Rule 14, the Board must give notice in writing of that amendment to any Participant and any Group Company affected by the amendment.



14.3 **Amendments may be retrospective**

Subject to the provisions of this Rule 14 (including Rule 14.2(a)), any amendment or review made pursuant to Rule 14.1 may be given retrospective effect.

14.4 **Suspension and termination**

Subject to Rule 14.2, the Board may suspend the operation of the Plan or terminate the Plan. The suspension or termination of the Plan must not materially prejudice the existing rights of Participants except as permitted pursuant to Rule 14.2(a).

15. Compliance with law, Corporations Act and Listing Rules

15.1 **Compliance with law, Corporations Act and Listing Rules**

Notwithstanding any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, the Board must not issue an Option under the Plan, and no Option or Share may be transferred or otherwise Dealt with unless:

- (a) all necessary approvals from any Government Agency in respect of the issue, transfer or Dealing have been obtained; and
- (b) the issue, transfer or Dealing complies with the Company's Constituent Documents, all applicable laws, regulations and rules that may govern the Company including the Corporations Act or, if the Company is Listed, the Listing Rules.

15.2 **Listing Rules to take precedence**

If the Company is Listed, the following applies:

- (a) notwithstanding anything contained in this Plan or any Option Agreement, if the Listing Rules prohibit an act being done, the act must not be done;
- (b) nothing contained in this Plan or any Option Agreement prevents an act being done that the Listing Rules require to be done;
- (c) if the Listing 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 Listing Rules require this Plan or any Option Agreement to contain a provision and it does not contain such a provision, this Plan and any Option Agreement, if applicable, are deemed to contain that provision;
- (e) if the Listing Rules require this Plan or any Option Agreement not to contain a provision and it contains such a provision, this Plan and any Option Agreement, if applicable, is deemed not to contain that provision; and
- (f) if any provision of this Plan or any Option Agreement is or becomes inconsistent with the Listing Rules, this Plan and any Option Agreement, if applicable is deemed not to contain that provision to the extent of the inconsistency.

The Board may amend, vary, add to, delete or modify all or any of the provisions of these Rules in any way it considers necessary to give effect to this Rule 15.2.



16. General rights and obligations of Participants

16.1 Participants' rights

Except as expressly provided in these Rules, nothing in these Rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any person the right to be invited to apply for, to be offered, or to receive, any Options;
- (c) confers on any Participant the right to continue as an employee or officer of any Group Company (as the case may be);
- (d) affects an Eligible Person's terms of Engagement with any Group Company;
- (e) affects any rights which any Group Company may have to terminate the Engagement of any Participant;
- (f) may be used to increase damages in any action brought against any Group Company in respect of any termination of Engagement;
- (g) confers on an Eligible Person or a Participant any rights to compensation or damages in consequence of the termination of their Engagement with a Group Company for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination; or
- (h) confers on any Participant the right to assign his or her actual or prospective rights under the Plan to any person without the consent of the Board.

16.2 Participants' acknowledgments

By participating in the Plan, the Participant acknowledges that:

- (a) the Plan and any Option Agreement is established voluntarily by the Company, it is discretionary in nature and it may be modified, suspended or terminated by the Company at any time, as provided in the Plan and Option Agreement;
- (b) participation in the Plan and any Option Agreement is voluntary and occasional and does not create any contractual or other right to future participation in the Plan, or benefits in lieu of participation in the Plan, even if participation is offered repeatedly;
- (c) all decisions with respect to future participation in the Plan and any Option Agreement, if any, will be at the sole discretion of the Company or the Board;
- (d) the Participant's participation in the Plan and any Option Agreement, if any, will not create a right to further employment with his or her employer or ongoing engagement;
- (e) Options and Shares acquired pursuant to the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to any Group Company or the Participant's employer, and which are outside the scope of the Participant's employment or service contract, if any;



- (f) the future value of the underlying Shares is unknown and cannot be predicted with certainty and the Shares may increase or decrease in value, even below the Exercise Price; and
- (g) the Participant will have no entitlement to compensation or damages as a result of any loss or diminution in value of Shares or any other rights acquired pursuant to the Plan and any Option Agreement, including, without limitation, as a result of the termination of the Participant's employment or engagement by any Group Company or other affiliate for any reason whatsoever and whether or not in breach of contract, and, upon commencing participation in the Plan, the Participant will be deemed irrevocably to have waived any such entitlement as might arise.

16.3 **Rights on cessation of Engagement**

- (a) No person, whether a Participant or otherwise, has any claim, right or interest in respect of this Plan or other property, whether against any Group Company or any other person, as a consequence of cessation of that person's Engagement or otherwise, except in accordance with these Rules.
- (b) Without limiting Rules 16.1 to 16.3, participation in the Plan does not form part of the Participant's remuneration for the purposes of determining payments in lieu of a notice of termination of Engagement, severance payments, leave entitlements, or any other compensation payable to a Participant upon the cessation of Engagement.

16.4 **Other benefits scheme calculations**

No payment under the Plan and any Option Agreement, if any, will be taken into account in determining any benefits under any pension, retirement, savings, profit-sharing, group insurance, welfare or benefit plan of any Group Company.

16.5 **Participation in other schemes**

Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of a Group Company unless the terms of that incentive or scheme provide otherwise.

16.6 **Cessation of membership**

A person ceases to be a Participant when all rights and obligations which the Participant is entitled to, or subject to, under the Plan have been satisfied or discharged in accordance with these Rules.

17. General provisions

17.1 **Power of attorney**

- (a) In consideration of the issue or transfer of the Options, each Participant irrevocably appoints each current director and current secretary, from time to time, of the Company as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules and any relevant Option Agreement.



- (b) A Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under and in accordance with Rule 17.1(a) and to indemnify the attorney in respect of doing so.

17.2 Notices

- (a) Any notice or direction given under this Plan is validly given if it is:
 - (i) handed to the person concerned;
 - (ii) sent by ordinary prepaid post to the person's last known address; or
 - (iii) sent by email to the Relevant Person's Company email address.
- (b) Any notice or direction given under this Plan to a Participant is validly given if it is provided to the associated Relevant Person in accordance with Rule 17.2(a).

17.3 Expenses

Except as provided in these Rules, the Company (or another Group Company) will meet any expense, cost and charge incurred in the establishment and ongoing administration of the Plan.

17.4 Taxes

- (a) The Company is not responsible for any Taxes which may become payable by a Participant in connection with the issue or transfer of Options, or the issue, transfer or allocation of Shares, or any other Dealing by a Participant with such Options or Shares including the payment of any cash amount. Participants are solely responsible for all such amounts.
- (b) Notwithstanding any other Rule, but in all respects subject to the requirements of the policies of the TSXV, if the Company is required to make or deemed to make a payment to a Participant under these Rules, the Company may deduct or withhold any amount in respect of Taxes payable as a result of the payment (including by withholding Options or Shares and selling them to raise the necessary funds at any price reasonably obtainable by the Company).

17.5 Severability

If the whole or any part of a provision of this Plan, any Option Agreement or the terms of any Option is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remaining provisions have full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This Rule has no effect if the severance alters the basic nature of this Plan, any Option Agreement or any Option, or is contrary to public policy.

17.6 Entire agreement

This Plan and any Option Agreement constitute the entire agreement between the Company and the relevant Participant about their subject matter.

17.7 Discretion in exercising rights

The Company or the Board may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this Plan and any Option Agreement, if any, expressly states otherwise.



17.8 Partial exercise of rights

If the Company or the Board does not exercise a right or remedy fully or at a given time, the Company or the Board may still exercise it later.

17.9 No liability for loss

The Company is not liable for costs or loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this Plan and any Option Agreement.

17.10 Variation and waiver

A provision of this Plan or any Option Agreement, or a right created under any of them, may not be waived or varied except in writing, signed by the party or parties to be bound.

17.11 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this Plan, or any Option Agreement or any part of it.

17.12 Governing law

These Rules are governed by and are to be construed in accordance with the laws of the State of Queensland, Australia. Each of the Company, each Participant and each Participant submits to the non-exclusive jurisdiction of the courts of the State of Queensland, Australia.



Signing page

EXECUTED as a deed.

Executed by

**Graphene Manufacturing Group Ltd (ACN 614
164 877)**

Signature of director

Signature of director/secretary

Name of director (please print)

Name of director/secretary (please print)



Schedule 1 - Option Agreement

GRAPHENE MANUFACTURING GROUP LTD.

STOCK OPTION PLAN - OPTION AGREEMENT

[The following legend is required if the Exchange Hold Period applies: Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 20● [four months and one day after the date of grant].]

This Option Agreement is entered into between Graphene Manufacturing Group Ltd. (the "Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on ●, 20● (the "Grant Date");
2. ● (the "Optionee");
3. was granted the option (the "Option") to purchase ● Common Shares (the "Option Shares") of the Company;
4. for the price (the "Option Price") of \$● per share; ***[For U.S. Participants, Option Price may not be less than Fair Market Value as of the Grant Date]***
5. which shall be exercisable immediately commencing on the Grant Date [OR set forth applicable vesting schedule];
6. terminating on the ●, 20● (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

The Optionee acknowledges that any Option Shares received by him upon exercise of the Option have not been registered under the United States *Securities Act of 1933*, as amended, or the Blue Sky laws of any state (collectively, the "Securities Acts"). The Optionee acknowledges and understands that the Company is under no obligation to register, under the Securities Acts, the Option Shares received by him or to assist him in complying with any exemption from such registration if he should at a later date wish to dispose of the Option Shares. ***[Following to be included in Option Agreements with "U.S. Persons"*** - The Optionee acknowledges that the Option Shares shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

"The shares represented by this certificate have not been registered or qualified under the United States Securities Act of 1933, as amended or state securities laws. The shares may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to U.S. federal or state securities laws, and the Company may require that the availability of any exemption or the



inapplicability of such securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company."]

To the extent that the Option is potentially subject to taxation under either Canada or the U.S. or both jurisdictions, the Optionee acknowledges that the Optionee has had adequate opportunity to obtain advice of independent tax counsel with respect to the tax treatment of the Option (including federal, state and provincial, as applicable). Furthermore, non-U.S. Optionees who are granted Options that are not subject to the restrictions applicable to U.S. Participants but who subsequently become subject to U.S. source income are strongly encouraged to seek advice of independent tax counsel to determine the applicability of U.S tax law to such Options.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

Acknowledgement – Personal Information

The Optionee hereby acknowledges and consents to:

- (a) the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (b) the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 20●.

GRAPHENE MANUFACTURING GROUP LTD.

Signature

Per: _____
Authorized Signatory

Print Name

Address



Schedule 2 - Exercise Notice

GRAPHENE MANUFACTURING GROUP LTD.

EXERCISE NOTICE

To: The Administrator, Stock Option Plan
Graphene Manufacturing Group Ltd. (the “**Company**”)

The undersigned hereby irrevocably gives notice, pursuant to the Company’s Stock Option Plan (the “**Plan**”), of the exercise of the Option to acquire and hereby subscribes for _____ of the Shares, which are the subject of the Option Agreement attached hereto.

Calculation of total Exercise Price:

(i) number of Shares to be acquired on exercise: _____ Shares

(ii) multiplied by the Exercise Price per Share: \$ _____

TOTAL EXERCISE PRICE, enclosed herewith: \$ _____

The undersigned tenders herewith a certified cheque or bank draft in an amount equal to the total Exercise Price of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

DATED the _____ day of _____, 20____.

Signature of Option Holder

Name of Option Holder (please print)