

Adrad Holdings Limited Exempt Employee
Share Plan

Plan Rules

Adrad Holdings Limited
ACN 121 033 396

Ref CS:SW - 1108906

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Adrad Holdings Limited
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**Adrad Holdings Limited Exempt Employee Share Plan
Plan Rules**

1. Definitions and interpretation

1.1 Definitions

In these Rules, unless something else is clearly indicated:

- Acquisition Date** means the date that a Participant acquires Plan Shares as recorded by the Company.
- Acquisition Price** means the price for the acquisition of Shares under the Plan as specified by the Company pursuant to Rule 3.5(c).
- Applicable Law** means any one or more or all, as the context requires of:
- (a) the laws of South Australia;
 - (b) the Corporations Act;
 - (c) the Listing Rules;
 - (d) the Tax Act;
 - (e) any practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend paragraphs (a), (b), (c) or (d) above, including the Tax Guidance;
 - (f) the constitution of the Company; and
 - (g) any other legal requirement that applies to the Plan.
- Application Form** means an offer to acquire Shares under the Plan in the form approved by the Board.
- Associated Company** means a body that:
- (a) is a related body corporate of the Company as that term is defined in section 50 of the Corporations Act;
 - (b) the Board determines will participate in the Plan; and
 - (c) agrees to be bound by these Rules.

ASX	means ASX Limited ACN 008 624 691, trading as the Australian Securities Exchange or the securities exchange operated by that entity, as applicable.
Board	means the board of directors of the Company or a committee appointed by the board of directors or any delegate of the board of directors or such committee.
Business Day	means a day that is not a Saturday, Sunday or a public holiday in Adelaide, South Australia.
Company	means Adrad Holdings ACN 121 033 396.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Eligible Employee	means an Employee who the Board determines to be eligible to participate in the Plan.
Employee	means an individual who is a: <ul style="list-style-type: none"> (a) permanent full-time or permanent part-time employee (other than an executive or non-executive director) of an Employing Company; or (b) person who receives an Invitation but who can only make an Offer if an arrangement has been entered into that will result in the person becoming covered by one of paragraph (a).
Employing Company	means the Company and any Associated Company.
Encumbrance	means a mortgage, charge, pledge, lien or other encumbrance of any nature.
Government Agency	means any governmental or semi-governmental body, department, commission, authority, tribunal, agency or other similar entity.
Holding Lock	means a mechanism arranged or approved by the Board (including through its share registry or any plan administrator or trustee) that prevents Shares being disposed of by a Participant.
Invitation	means an invitation to participate in the Plan referred to in Rule 3.1(a).
Listing Rules	means the listing rules of ASX from time to time and any other rules of the ASX which are applicable while the Company is admitted to the official list of ASX, except to the extent of any express written waiver by ASX.
Offer	has the meaning given to that term in Rule 3.2(a).

Participant	means an Eligible Employee who: <ul style="list-style-type: none"> (a) has received an Invitation; (b) makes an Offer which is accepted by the Board; or; and (c) is, or will be, the owner of Plan Shares.
Plan	means the Adrad Holdings Limited Exempt Employee Share Plan established and operated in accordance with these Rules.
Plan Shares	means Shares held by Participants under the Plan.
Restrictive Period	means the period commencing on the Acquisition Date and ending on the earliest of the date that: <ul style="list-style-type: none"> (a) is 3 years after the Acquisition Date; and (b) the Participant ceases to be an Employee.
Rules	means these rules of the Plan.
Shares	means fully paid ordinary shares in the capital of the Company.
Tax	means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding of any nature, including stamp and transaction duty or any goods and services tax, value added tax or consumption tax, which is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on or in respect of any of the above.
Tax Act	means the: <ul style="list-style-type: none"> (a) <i>Income Tax Assessment Act 1936</i> (Cth); (b) <i>Income Tax Assessment Act 1997</i> (Cth); or (c) <i>Taxation Administration Act 1953</i> (Cth), or any or all of the above, as the context requires.
Tax Guidance	means public or private rulings, determinations, interpretative decisions or other statement of the Commissioner of Taxation or any other relevant taxation authority, changes or proposed changes to tax legislation and/or changes in the interpretation of tax legislation by a competent court or tribunal.

1.2 Interpretation

In these Rules, unless something else is clearly intended:

- (a) the transfer by a Participant from one Employing Company to another does not constitute cessation of employment;

- (b) if an Employing Company which is the employer of a Participant ceases to be an Employing Company and the Participant does not contemporaneously become an Employee of another Employing Company, that Participant ceases to be an Employee;
- (c) a reference to these Rules or any other document is a reference to these Rules or the other document (as the case may be) as amended, varied, novated, supplemented or replaced from time to time;
- (d) a reference to any legislation or any provision of any legislation includes:
 - (i) all regulations, orders or instruments issued under the legislation or provision; and
 - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (e) words or expressions:
 - (i) importing the singular include the plural and vice versa;
 - (ii) importing a gender include the other genders; and
 - (iii) denoting individuals include corporations, firms, unincorporated bodies, authorities and instrumentalities;
- (f) a reference to a party to these Rules includes that party's executors, administrators, successors and permitted assigns;
- (g) where a word or phrase is defined or given meaning, any other part of speech or grammatical form has a corresponding meaning;
- (h) a reference to a rule number is a reference to a rule of these Rules;
- (i) any heading or table of contents is for convenience only and does not affect the interpretation of these Rules;
- (j) where an act would be required to be done, or a time limit or period would expire, on a day which is not a Business Day, the act may be done, or the limit or period will expire, on the following Business Day;
- (k) a reference to any thing (including to any right) includes a part of that thing;
- (l) a right includes any remedy, privilege, authority or power;
- (m) wherever used in these Rules, the expressions 'including', 'such as' and similar expressions shall not imply any limitation; and
- (n) a reference to notice means written notice given in the manner provided in these Rules for service of notices.

1.3 Rounding

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

2. Operation of the Plan

2.1 Purpose

The Plan provides Eligible Employees with an opportunity to acquire Shares, which will align their interests more closely with the Company's shareholders and provide greater incentive for them to focus on the Company's longer-term goals.

2.2 Commencement

The Plan commences on a date to be determined by the Board.

2.3 Operation

- (a) These Rules set out the terms and conditions of the operation of the Plan.
- (b) The Plan must be operated in accordance with these Rules, which bind the Company, each Associated Company and each Participant.

2.4 Plan expenses

The Company must pay all expenses, outgoings, costs and charges incurred in establishing and operating the Plan and includes any amount of income or other Tax payable by the Company in relation to the Plan but excludes the costs directly related to selling or transferring Plan Shares.

2.5 Encumbrance

The Company must not grant an Encumbrance over any of the Plan Shares.

2.6 Tax exempt

Subject to the requirements of the Tax Act, Division 83A of the Tax Act applies to the Plan.

3. How the Plan Works

3.1 Invitation

- (a) The Board may from time to time invite an Eligible Employee to participate in the Plan and make an Offer (**Invitation**).
- (b) The Invitation must be in writing and will be accompanied by any other information and documents required by the Applicable Law.
- (c) Each Invitation must specify:
 - (i) the name and address of the Eligible Employee to whom the Invitation is made;
 - (ii) the date of the Invitation;
 - (iii) the maximum number of Shares that can be acquired by an Eligible Employee under the Plan;
 - (iv) the time period in which an Eligible Employee may make an Offer to the Company;
 - (v) the proposed Acquisition Date; and
 - (vi) anything else that the Board considers relevant.
- (d) Each Invitation must be accompanied by any other information and documents required by the Applicable Law.
- (e) Invitations are personal to an Eligible Employee and may not be transferred to another person.

3.2 Offer

- (a) Following receipt by an Eligible Employee of an Invitation, the Eligible Employee may make an offer by delivering to the Company a duly completed and executed Application Form within the time specified in the Invitation (**Offer**).
- (b) By making the Offer, the Eligible Employee agrees:
 - (i) to be bound by these Rules and the constitution of the Company; and
 - (ii) execute any documents reasonably required by the Company to ensure that the Eligible Employee is so bound.

3.3 Acceptance

- (a) The Board may decide to accept or reject an Offer. The Offer is accepted by the Company by the allocation of Shares referred to in the Offer to the Eligible

Employee (which must occur within a reasonable period of time following receipt of the Offer).

- (b) The Board may require that the Shares to be allocated to a Participant on acceptance of an Offer under Rule 3.3(a) be issued or transferred to a trustee appointed by the Board under Rule 7.6, in which case those Shares will be held by the trustee of the trust subject to the terms of the trust deed relating to that trust.
- (c) An Eligible Employee is not liable to make any payment on acceptance of the Offer.

3.4 **Becoming a Participant**

An Eligible Employee becomes a Participant upon the Company allocating Shares to them in accordance with Rule 3.3.

3.5 **Notification to Participants**

As soon as reasonably practicable after the Acquisition Date, the Company must ensure that the Participant is given written notice specifying the:

- (a) number of Plan Shares allocated to the Participant;
- (b) Acquisition Date of those Plan Shares; and
- (c) Acquisition Price of those Plan Shares.

3.6 **Gift**

- (a) The Board may from time to time in its absolute discretion provide Eligible Employees Shares in the Plan for no monetary consideration (**Gift**).
- (b) The Gift is to be conditional upon the Eligible Employees agreeing to be bound by these Rules and the constitution of the Company.

3.7 **Ownership**

Participants have full legal and beneficial ownership of their Plan Shares provided that any dealings with those Plan Shares shall be restricted as provided in Rule 4.

3.8 **Share rights**

- (a) A Participant is not conferred with the rights of a shareholder until such time as Shares are allocated to the Participant pursuant to Rule 3.3(a).
- (b) All Plan Shares rank equally for all purposes with the Shares then on issue.

4. Restrictions on Dealing with Shares

4.1 Restrictive Period

During the Restrictive Period:

- (a) a Participant must not assign, transfer, sell, grant an Encumbrance over or otherwise deal with a Plan Share; and
- (b) the Company is entitled to retain possession of the documents of title of a Participant's Plan Shares.

4.2 Takeover or restructure

Notwithstanding Rule 4.1, a Participant may transfer or sell their Plan Shares in the event of a takeover or restructure of the Company in accordance with section 83A-130(1) of the Tax Act.

4.3 Arrangements

The Company may adopt procedures and enter into such arrangements as it considers necessary to enforce the restrictions in Rule 4.1(a) and Participants are deemed to agree to such procedures and arrangements including without limitation:

- (a) placing a Holding Lock on the Plan Shares; or
- (b) having the Plan Shares held on behalf of the Participants by the trustee of a trust established by the Company to assist with the operation of the Plan.

4.4 After the Restrictive Period

- (a) After the Restrictive Period, all restrictions on dealing with the Plan Shares pursuant to these Rules will no longer apply.
- (b) As soon as practicable after the Restrictive Period, the Company must give any documents of title that it holds in respect of Plan Shares to the relevant Participant or other person as directed by the Participant.

5. No forfeiture

For the avoidance of doubt, nothing under these Rules or otherwise shall require a Participant to forfeit ownership of their Plan Shares or rights acquired under the Plan.

6. Power of Attorney

In order to ensure compliance with these Rules, each Participant irrevocably appoints

(and agrees to appoint) the Company and any person nominated from time to time by the Board, severally as his or her attorney to:

- (a) complete and execute any documents, including Share transfers and any document or agreement to give effect to the terms and conditions of the Plan; and
- (b) do all acts or things on behalf of and in the name of the Participant that may be convenient or necessary for the purpose of giving effect to the provisions of the terms and conditions of the Plan.

7. Administration of the Plan

7.1 Board to administer

The Board will administer the Plan in accordance with these Rules and may:

- (a) make regulations and policies for operating and administering the Plan provided they are consistent with these Rules; and
- (b) delegate all or any of its functions and powers under these Rules to any person or persons for any period and on any conditions that the Board decides upon, including a plan administrator, and may authorise that person or persons to sub-delegate the functions or powers delegated to them.

7.2 Discretion

Except as expressly provided in these Rules, where these Rules provide for a determination, decision, approval or opinion of the Company or the Board, such determination, decision, approval or opinion will be in its absolute discretion and final.

7.3 Company and the Board

Subject to the Applicable Law, any power or discretion which is conferred on the Board by these Rules may be exercised in the interests, or for the benefit, of the Company or any Associated Company, and the Board is not, in exercising such power or discretion, under any fiduciary or other obligation to any other person.

7.4 Decision of the Board

Any decision of the Board as to the interpretation, effect or application of these Rules will be final (in the absence of manifest error). Any dispute or difference of any nature relating to the Plan will be referred to the Board and its decision will be final and binding.

7.5 Plan administrator

If a plan administrator is appointed under Rule 7.1(b) that plan administrator will administer the Plan in accordance with these Rules and any procedures determined by the Board, consistent with these Rules and agreed with the plan administrator.

7.6 Trust

- (a) The Board may, in its absolute discretion, determine to establish an employee share trust and appoint a trustee for the purposes of acquiring and holding Shares for the benefit of Participants under the terms of the Plan.
- (b) For the avoidance of doubt, the Board may do all things necessary for the establishment, administration, operation and funding of an employee share trust.

7.7 Independent advice

The Company and any plan administrator or trustee may take and rely upon independent professional or expert advice in relation to the exercise of any of its powers or discretions under these Rules and act on that advice in any manner it thinks fit without being liable in respect of any act done or omitted to be done by it in accordance with such advice.

7.8 Other documents

The Company and any plan administrator or trustee may require a Participant to complete and return such other documents:

- (a) as may be required by the Applicable Law to be completed by the Participant; or
- (b) which the Company or any plan administrator or trustee considers should, for legal or taxation reasons, be completed by the Participant.

8. Amending these Rules

8.1 Board may amend

Subject to Rule 8.2, the Board may at any time:

- (a) amend these Rules; and
- (b) waive or amend the application of any of these Rules in relation to a Participant (including for the purposes of a takeover bid, as defined in section 9 of the Corporations Act).

8.2 Rights of Participants

- (a) Subject to Rule 8.2(b), if any amendment to these Rules under Rule 8.1 reduces any of the rights of Participants in respect of their Plan Shares, the Board must obtain the written consent of at least 75% of the Participants affected by the proposed change prior to making the change.
- (b) The Board may amend these Rules without the written consent of Participants under Rule 8.2(a):
 - (i) for the purpose of complying with, or conforming to, the Applicable Law or for the purpose of complying with or conforming to present or future legislation governing or regulating the maintenance or operation of employee equity plans of any kind;
 - (ii) to take into consideration possible adverse tax implications to the Plan arising from the Tax Guidance; or
 - (iii) to correct a manifest error or mistake.

8.3 Retrospective effect

Subject to this Rule 6, any change made pursuant to Rule 8.1 may be given such retrospective effect as is specified by the Board.

8.4 Written notice

As soon as reasonably practicable after the Company makes any material amendment under Rule 8.1, the Company must notify the Participants of the amendment.

9. Termination or suspension of the Plan

9.1 Change to Applicable Law

The Company must terminate or suspend the Plan if changes to the Applicable Law require that it do so.

9.2 Company may terminate

The Board may terminate or suspend the operation of the Plan at any time provided that no Plan Shares remain subject to the restrictions under Rule 4 at that time.

9.3 Winding up

The Plan must be immediately terminated if an order is made or an effective resolution is passed for the winding up of the Company, other than for the purpose of amalgamation or reconstruction.

9.4 Effect of termination

- (a) The termination or suspension of the Plan will not prejudice the existing rights of Participants.
- (b) When the Plan is terminated or suspended, a Participant may not claim any compensation as a result of termination or suspension of the Plan.

10. Connection with other schemes

- (a) An Employing Company is not restricted to using the Plan as the only method of providing incentive rewards to employees and may approve and introduce other incentive schemes.
- (b) Participation in the Plan does not affect participation in any other incentive or other scheme of the Employing Companies unless that other scheme provides otherwise.

11. Employment with Employing Company

11.1 General

Nothing in these Rules:

- (a) confers on any Employee the right to become or remain an Eligible Employee or to participate in the Plan;
- (b) confers on any Eligible Employee or Participant the right to continue as an employee of an Employing Company;
- (c) affects any rights which an Employing Company may have to terminate the employment of an Employee; or
- (d) may be used to increase damages in any action brought against an Employing Company in respect of such termination of employment.

11.2 Control

The Participants will not have any control over the operation of the Plan irrespective of any rights they may have under these Rules.

11.3 Advice

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

12. Liability

The Employing Companies, any plan administrator or trustee and their respective directors and employees and professional advisers are not liable for anything done or omitted to be done by such person or any other person with respect to:

- (a) the price, time, quantity or other conditions and circumstances of the acquisition of Plan Shares;
- (b) any fluctuations in the market price of Shares; and
- (c) anything done in connection with the Plan,

except for the gross negligence, dishonesty, fraud or wilful default of such person.

13. Breach by a Participant

Subject to the Applicable Law, if a Participant breaches any of their obligations under these Rules, an Employing Company may set-off the value of any benefit derived or held by that Participant and any loss incurred by any Employing Company as a result of such breach, against any amounts payable by any Employing Company to the Participant, whether such amounts are payable on termination of employment or otherwise.

14. Applicable Law

14.1 Contravention of Applicable Law

- (a) Notwithstanding any other Rules:
 - (i) no Share may be offered under the Plan if to do so would contravene the Applicable Law; and
 - (ii) Shares must not be issued, assigned, transferred, sold, purchased or otherwise dealt with under the Plan if to do so would contravene the Applicable Law.
- (b) These Rules and the Participant's entitlements under the Plan are subject to the Applicable Law.

14.2 Deemed provisions

Notwithstanding any other Rule, every provision set out in an exemption from, or modification to, the Applicable Law in respect of the Plan that is required to be included in these Rules in order for the exemption or modification to have effect is deemed to be contained in these Rules.

14.3 Inconsistency

To the extent that any provision deemed by Rule 14.2 to be contained in these Rules is inconsistent with any other provision in these Rules, the deemed provision will prevail.

15. Tax reimbursement

- (a) The Board may, at the time of an Invitation, provide that the Participant is required to reimburse the Company in the event that any Employing Company is obliged to account for Tax in connection with, or as a result of, the allocation or transfer of Shares to the Participant.
- (b) The Board may determine the manner in which reimbursement under Rule 15(a) is to occur, including by sale of the Participant's allocated Plan Shares.

16. Notices

16.1 Valid delivery

- (a) A notice or direction given under these Rules is validly given to an Eligible Employee or Participant if it is handed to the person concerned, posted by ordinary prepaid post to the person's last known address or given in such other manner as the Company determines.
- (b) A notice or direction given under these Rules to the Company is validly given if it is delivered by hand, posted by ordinary prepaid post or emailed to the address set out below:

Address: Adrad Holdings Limited
26 Howards Road Beverley SA 5009

Attention: Company Secretary
Email: Chris.Newman@adrad.com.au

or such other address as the Company may notify.

16.2 Deemed delivery

- (a) A notice will be deemed to be duly given and received:
 - (i) on the day of delivery by hand;
 - (ii) three Business Days after the date of posting by registered post; or
 - (iii) if sent by email, at the time when the email is sent (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee),

as the case may be.

- (b) This Rule 16.2 is in addition to any other mode of service permitted by law.

17. Governing law

- (a) These Rules must be governed by and construed in accordance with the laws applicable in Adelaide, South Australia.
- (b) The parties bound by these Rules irrevocably submit to the non-exclusive jurisdiction of the courts of Adelaide, South Australia.