



Fortescue
The New Force in Iron Ore

Policy

Salary Sacrifice Share Plan

Fortescue Metals Group Limited

ABN 57 002 594 872

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FORTESCUE METALS GROUP LIMITED

FORTESCUE METALS GROUP LIMITED SALARY SACRIFICE SHARE PLAN

1. Definitions and interpretation

1.1 Definitions

The following words and expressions have the following meanings unless the contrary intention appears:

Allocation Date means the date on which the Plan Securities are granted, issued, transferred or allocated.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the Listing Rules;
- (c) the constitution of the Company;
- (d) the ITAA 1997;
- (e) the Income Tax Assessment Act 1936 (Cwlth) as amended from time to time;
- (f) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), (c), (d) and (e) above; and
- (g) any other legal requirement (including, without limitation, the rules of the general law, including common law and equity, and any judgment, order, decree, declaration or ruling of a court of competent jurisdiction or Government Agency binding on a person or the assets of that person) that applies to the Plan; and
- (h) in respect of acquisition or disposals of any Participant Shares, any formal policy relating to dealings in Participant Shares adopted by the Board from time to time, including the Securities Trading Policy..

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Associate has the same meaning given to that term in section 12 of the Corporations Act.

Board means all or some of the directors of the Company acting as a board, and includes a committee of the Board and a delegate of the Board.

Bonus means the amount of the cash bonus (whether discretionary or guaranteed) to which the Eligible Person may become entitled in respect of their employment.

Business Day means a day other than a Saturday, Sunday or public holiday and on which banks are open for business generally in Western Australia.

Change of Control Event means:

- (a) a person (together with its Associates), who does not as at the date of adoption of this Plan by the Board have such a Relevant Interest, obtaining a Relevant Interest in sufficient Shares to give it or them the ability, in a general meeting, to replace all or a majority of the Board;
- (b) where a Takeover Bid is made to acquire more than 50% of Issued Capital (or such lesser number of Shares that when combined with the Shares that the bidder (together with its Associates) already owns will amount to more than 50% of Issued Capital);
- (c) a person becomes bound or entitled to acquire shares in the Company under section 414 of the Corporations Act (upon a scheme of arrangement being approved by Shareholders), Chapter 6A of the Corporations Act, or section 444GA of the Corporations Act;
- (d) a Court orders a meeting to be held in relation to, or members of the Company approve, a compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company) which will, upon becoming effective, result in any person (either alone or together with its Associates) owning more than 50% of Issued Capital, where such a person (either alone or together with its Associates) does not as at the date of adoption of this Plan by the Board own more than 50% of Issued Capital;
- (e) the Company passes a resolution for the voluntary winding up of the Company;
- (f) an order is made for the compulsory winding up of the Company; or
- (g) the sale of all or substantially all of the business and assets of the Group,

but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Group.

Company means Fortescue Metals Group Limited ABN 57 002 594 872.

Corporations Act means the *Corporations Act 2001* (Cwlth) as amended from time to time.

Deal or **Dealing** in relation to a Plan Security or Participant Share (as the case may be), any dealing, including but not limited to:

- (a) a sale, transfer, assignment, grant of a Security Interest or option or swap, or any other alienation of all or any part of the rights attaching to the Plan Security or Participant Share;
- (b) any attempt to do any of the actions set out in paragraph (a) above; and
- (c) any hedging (including any dealing with a derivative instrument intended to “lock in” a profit relating to a Plan Security, and any other transactions in financial products that operate to limit the economic risk associated with holding a Plan Security).

Director means any person occupying the position of a director of any Group Company (including an alternate director or managing director appointed in accordance with the relevant constitution).

Eligible Contractor means:

- (a) an individual with whom a Group Company has entered into a contract for the provision of services under which the individual performs work for a Group Company; or
- (b) a body corporate with whom a Group Company has entered into a contract for the provision of services under which an individual (who is a director of the body corporate) or his or her spouse, performs work for a Group Company,

where, the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with a Group Company.

Eligible Person means:

- (a) a Director and an alternate of that Director;
- (b) an Employee;
- (c) an Eligible Contractor;
- (d) a Casual Employee; or
- (e) a person who has entered into an arrangement that will result in the person becoming an Employee, Eligible Contractor or Casual Employee.

Employee means a person who is in the full time or part time employment of a Group Company, or a Director.

Employer means any Group Company, and in relation to any particular Participant means the company by which that Participant is for the time being employed.

Expiry Date means the earlier of:

- (a) a date subsequent to the Allocation Date as determined by the Board in its discretion but subject to Applicable Law and specified in the Invitation; and
- (b) 15 years after the Allocation Date.

Government Agency means any government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.

Group means the Company and each of its Subsidiaries.

Group Company means the Company or any of its Subsidiaries.

Incentive Scheme means an employee share or option scheme extended to either or both employees and directors of Group Companies, and includes the Plan.

Invitation means an invitation to apply for Plan Securities under the Plan made in accordance with Rule 3.2 and includes all relevant documentation provided to an Eligible Person in connection with that invitation.

Issued Capital means the aggregate number of issued Shares from time to time.

ITAA 1997 means the *Income Tax Assessment Act 1997* (Cwlth) as amended from time to time.

Leaver means a Participant who, as the case may be:

- (a) ceases to be a Director;
- (b) ceases to be an Employee;
- (c) in the case of a Casual Employee, ceases to be engaged as a Casual Employee and is not otherwise employed as an Employee or engaged as an Eligible Contractor; or
- (d) in the case of an Eligible Contractor, the relevant individual ceases to work under a contract for a Group Company,

but does not include a Participant in respect of whom the employing or contracting entity is changed from one Group Company to another Group Company.

Listing Rules means the listing rules, market rules and operating rules of a financial market in respect of which the Company's shares are quoted or are the subject of an application for quotation, including, but not limited to, the official listing rules of the ASX, except to the extent of any express waiver granted by the operator of the relevant financial market.

Maximum Amount means the annual maximum amount which can be Salary Sacrificed by an Eligible Person in any Australian income tax year under the Plan or any other incentive scheme for the purposes of section 83A-105(4)(c) of the ITAA 1997.

Participant means an Eligible Person who has been granted a Plan Security under this Plan.

Participant Share means, in relation to a Participant, a Share issued, transferred or allocated to a Participant under the Plan and includes a Restricted Participant Share.

Plan means the Fortescue Metals Group Salary Sacrifice Share Plan, the Rules of which are set out in this document and as amended from time to time.

Plan Security means a Right and/or a Restricted Participant Share (as the case may be).

Relevant Interest has the meaning given to that term in the Corporations Act.

Remuneration means the payments, emoluments and other benefits which the Eligible Person may become entitled to receive from time to time as remuneration for services to be provided or work to be performed by the Eligible Person in the course of, or in connection with, the Eligible Person's employment, engagement or position as a Director including, but not limited to, salary, wages, fees (in the case of a Director), or a Bonus.

Restricted Participant Share means a Participant Share issued, transferred or allocated in accordance with Rule 6.1 that is subject to restrictions on Dealing and/or other restrictions or conditions.

Right means the right of a Participant to acquire one Participant Share by issue, transfer or allocation, in the discretion of the Board, subject to any conditions (including any exercise required of that Right) being determined by the Board (acting reasonably) to be satisfied, waived by the Board, or deemed to have been satisfied under these Rules.

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

Salary Sacrifice means where the Eligible Person agrees to contractually forgo part of their future pre-tax Remuneration in consideration for the grant, issue, transfer or allocation of one or more Plan Securities.

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.

Securities Trading Policy means the securities trading policy of the Company from time to time.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Subsidiary has the same meaning as in Division 6 of Part 1.2 of the Corporations Act.

Takeover Bid has the meaning given to it in the Corporations Act.

Tax includes any tax, levy, impost, value-added tax, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any Government Agency together any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing.

Trust means the "Fortescue Metals Group Limited Employee Share Trust", being an employee share trust established by the Company for the sole purpose of subscribing for or acquiring, delivering, allocating and holding Participant Shares for the benefit of Participants and participants in other employee equity plans established by any Group Company from time to time.

Trust Deed means the trust deed entered into between the Company and the Trustee on or around 31 May 2011.

Trustee means Pacific Custodians Pty Limited (ABN 66 009 682 866) which has been appointed by the Company, and which agrees to act, as the initial trustee of the Trust on the terms and conditions set out in the Trust Deed.

1.2 Interpretation

In these Rules, unless the contrary intention appears:

- (a) words importing the singular include the plural and vice versa;

- (b) references to these Rules, or any particular Rule or paragraph of these Rules, means these Rules, or the relevant Rule or paragraph, as amended from time to time;
- (c) a reference to a person includes a reference to the person's executors, administrators, substitutes (including any person taking by way of novation) and:
 - (i) in the case of a trustee, includes any substituted or additional trustee; and
 - (ii) in the case of a Participant, includes any person to whom that Participant transfers a Plan Security or Participant Share in accordance with the terms of an Australian court order or an injunction granted by an Australian court;
- (d) references to a statute or other law include regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) references to the exercise of a power or discretion include a decision not to exercise the power or discretion;
- (f) references to a "year" mean any period of 12 months;
- (g) the words "include", "including" or "such as" are not used as, nor are they to be interpreted as words of limitation, and when introducing a list of items does not exclude a reference to other items whether of the same class or genus or not;
- (h) "Australian dollars", "dollars", "A\$" or "\$" is a reference to the lawful currency of Australia;
- (i) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (j) a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (k) if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (l) if an act under these Rules to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.3 Heading

Headings are for convenience only and, except where they are inserted as a means of cross-reference, do not affect the interpretation of these Rules.

1.4 Applicable Law

The Board will ensure that the Plan is at all times operated in accordance with Applicable Law.

1.5 Inconsistencies

Notwithstanding anything to the contrary in any employment agreement or contract between a Participant and any Group Company, but subject at all times to these Rules, if there is any inconsistency between these Rules and that agreement or contract, these Rules prevail.

1.6 Rounding

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

1.7 Constitution

The entitlements of Eligible Persons and Participants under these Rules are subject to the Constitution. In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail.

2. Introduction

2.1 Purpose

The purpose of the Plan is to:

- (a) align the interests of Eligible Persons and Shareholders;
- (b) provide competitive remuneration for the retention of key Eligible Persons;
- (c) support a culture of share ownership by Eligible Persons;
- (d) provide the Company with the ability to attract employees of a high calibre;
and
- (e) assist with remuneration planning for Eligible Persons.

2.2 Commencement

The Plan commences on the date that the Company determines.

2.3 Rules are binding

The Company, each other Group Company and each Participant are bound by these Rules.

3. Invitation, application and acceptance

3.1 Eligibility

The Board may determine the Eligible Persons who are eligible to participate in the Plan from time to time.

3.2 Invitation may be made

From time to time the Board may make an Invitation to participate in the Plan to an Eligible Person.

3.3 Invitation to acquire Plan Securities

An Invitation to an Eligible Person to acquire Plan Securities may be on such terms and conditions as the Board decides from time to time, including as to:

- (a) the type of Plan Securities being offered;
- (a) the number of Plan Securities (or the method by which the number will be calculated) for which that Eligible Person may acquire;
- (b) the market value payable for the acquisition of a Plan Security or how that market value is to be calculated;
- (c) the terms and conditions of the Salary Sacrifice arrangement;
- (d) the manner in which the Eligible Person must apply for the Plan Securities;
- (e) the amount (if any) that will be payable for the grant of the Plan Securities;
- (f) the Expiry Date;
- (g) the procedure for exercising a Right (including any exercise price that will be payable), if the Right must be exercised by the Participant, and the period(s) during which it may be exercised;
- (h) how Plan Securities may be treated on a Change of Control Event or the likely occurrence of a Change of Control Event, and any discretions retained by the Board;
- (i) how Plan Securities may be treated in the event that the Eligible Person becomes a Leaver, and any discretions retained by the Board;
- (j) any restrictions (including the period of restriction) on Dealing attaching to a Participant Share or a Restricted Participant Share;
- (k) where subdivision 83A-C of the ITAA 1997 requires a statement that deferred taxation applies (subject to the conditions of the ITAA 1997), such wording as appropriate; and
- (l) any other supplementary terms and conditions, including those contained within any Ancillary Documents.

3.4 Salary Sacrifice

- (a) The Board may determine the terms and conditions of the Salary Sacrifice arrangement for which Plan Securities are offered in lieu of that Remuneration.
- (b) In respect of an offer to participate under the Plan through a Salary Sacrifice arrangement:

- (i) subject Rule 3.4(b)(ii), the Board may determine the amount of the Remuneration which may be Salary Sacrificed by each Eligible Person;
 - (ii) where an Eligible Person is offered or elects to receive Restricted Participant Shares in accordance with the terms of an Invitation, then:
 - A. the amount of Remuneration that may be Salary Sacrificed may not exceed the Maximum Amount; and
 - B. no part of any Bonus may be Salary Sacrificed;
 - (iii) the number of Plan Securities granted, issued, transferred or allocated (as applicable) to a Participant will be the dollar amount of the Salary Sacrifice divided by the issue price per Plan Security as specified in the Invitation; and
 - (iv) such offer will be conditional on the Company and the Participant entering into an agreement setting out the terms and conditions of the Salary Sacrifice arrangement.
- (c) The Board may determine in its sole and absolute discretion that any Salary Sacrifice arrangement agreed to by a Participant is to be continued until the Participant ceases to participate in the Plan, subject to Rule 14.

3.5 Invitations non-transferable

An Invitation is not transferable or capable of being acted upon by a person other than the Eligible Person to whom it is addressed.

3.6 Acceptance of Application

- (a) An Eligible Person must only accept an Invitation in accordance with the instructions that accompany the Invitation, unless the Board determines otherwise.
- (b) The Board may, at its discretion:
 - (i) treat the Eligible Person's acceptance of the Invitation as being for such lesser number of Plan Securities as the Board determines;
 - (ii) refuse to allow the participation of an Eligible Person where that Eligible Person:
 - A. ceases to be an Eligible Person;
 - B. has provided notice to the Company or been provided with notice by the Company that will result in the Eligible Person ceasing to be an Eligible Person;
 - C. has not complied with the instructions relating to acceptance in the Invitation, including a failure to enter into and/or provide any specific Ancillary Documentation;

- D. ceases to satisfy any other conditions imposed by the Board, before the grant is made; and
- (iii) treat the conduct of an Eligible Person in respect of an Invitation (including the failure to lodge an election not to participate within the specified in the instructions accompanying the Invitation) as valid acceptance of that Invitation under these Rules.

3.7 Participant agrees to be bound

Upon acceptance of an Invitation, each Participant is deemed to have agreed to be bound by:

- (a) the terms of the Invitation;
- (b) the Ancillary Documentation (if any);
- (c) the provisions of these Rules, as amended from time to time; and
- (d) all Applicable Laws.

3.8 Terms and conditions of Invitation prevail

To the extent of any inconsistency, the terms and conditions advised to an Eligible Person by the Board in an Invitation will prevail over any other provision of these Rules.

3.9 Cessation of membership

A person ceases to be a Participant when all other property or moneys to which the Participant is entitled under the Plan have been transferred or paid in accordance with these Rules.

4. Salary Sacrifice contributions

4.1 Frequency

Each Participant must elect in accordance with the instructions that accompany the Invitation to make their Salary Sacrifice contributions by way of:

- (a) regular deductions from the Participant's Remuneration during the relevant year;
- (b) a lump sum deduction from the Participant's Remuneration in the first payroll period during the relevant year; or
- (c) in respect of an election to receive Rights only, application of part or all of any Bonus.

4.2 Tax treatment

- (a) Each Participant's Salary Sacrifice contribution will be made from the Participant's Remuneration prior to the deduction of any applicable income tax from that Remuneration.
- (b) This Plan is a scheme to which Subdivision 83A-C of the ITAA 1997 applies (subject to the conditions in the ITAA 1997).

4.3 Payroll deductions prior to delivery of Plan Securities

Salary Sacrifice contributions deducted from a Participant's Remuneration will be credited to an account at an Australian authorised deposit-taking institution, with that account specifically and exclusively established for the purposes of this Plan and will be held on trust for the relevant Participant until those Salary Sacrifice contributions have been used to or applied toward the grant, issue, transfer or allocate Plan Securities to a Participant.

5. Rights

5.1 Grant of Rights

- (a) Upon acceptance of an Invitation and the deduction of any Salary Sacrifice contribution under Rule 4, the Board will, subject to its discretion under Rule 3.6(b), grant the relevant number of Rights to the Eligible Person in accordance with the Invitation.
- (b) Unless the Board determines otherwise, Rights granted under the Plan:
 - (i) will be granted in consideration for the Participant's Salary Sacrifice contribution in accordance with the terms of the Invitation; and
 - (ii) may not be registered in any name other than that of the Eligible Person.

5.2 Participant's rights

Prior to the exercise (if required) of a Right and the allotment and issue, transfer or allocation of Participant Share(s) to the Participant in accordance with these Rules:

- (a) a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Right other than those expressly set out in these Rules; and
- (b) a Participant is not entitled to:
 - (i) notice of, or to vote or attend at, a meeting of Shareholders; or
 - (ii) receive any dividends declared by the Company,by virtue of holding that Right.

5.3 Exercise

- (a) In respect of Rights that must be exercised, the exercise of any Right must be effected in accordance with the terms set out in the Invitation and must be accompanied by the payment of the relevant exercise price (if any) before the Participant will become entitled to be issued, transferred or allocated a Participant Share in respect of that Right under these Rules.
- (b) In the event a Right is required to be exercised by the Participant in accordance with the terms set out in the Invitation but is not exercised prior to the Expiry Date, provided no exercise price is payable in respect of that Right, the Right will be deemed to have been validly exercised by the Participant immediately before the Expiry Date.

5.4 Allotment and issue, transfer or allocation of Participant Shares

As soon as practicable following exercise (if required) of a Right, the Board must, subject to:

- (a) any necessary consents or approvals as may be required by any competent authority having first been obtained; and
- (b) the Participant having complied with the terms of the Rights,

issue to, procure the transfer, or procure the allocation to the Participant of the number of Participant Shares in respect of which Rights have been exercised (if required).

5.5 Variation of capital

- (a) If, prior to the exercise (if required) of a Right, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to Shareholders), the number of Participant Shares the subject of Rights will be adjusted in the manner determined by the Board in accordance with the Listing Rules.
- (b) Before making the adjustment, the Board must obtain the written confirmation of the Company's auditors (acting as experts and not as arbitrators) that the adjustment is, in their opinion, fair and reasonable.
- (c) The Board must notify each Participant of any adjustment to Rights as soon as practicable after its decision.

6. Restricted Participant Shares

6.1 Issue, transfer or allocation

- (a) Upon acceptance of an Invitation and the deduction of any Salary Sacrifice contribution under Rule 4, the Board must, subject to its discretion under Rule 3.6(b), either issue, transfer or allocate the prescribed number of Restricted Participant Shares to the Eligible Person in accordance with the Invitation.

- (b) Unless the Board determines otherwise, Restricted Participant Shares issued, transferred or allocated under the Plan:
 - (i) will be granted in consideration for the Participant's Salary Sacrifice contribution in accordance with the terms of the Invitation; and
 - (ii) may not be registered in any name other than that of the Eligible Person or the Trustee.

6.2 Cessation of restrictions

- (a) Subject to any express Rule to the contrary, a Participant Share only ceases to be a Restricted Participant Share in accordance with the terms of the Invitation.
- (b) Subject to the terms of an Invitation and the Securities Trading Policy (as amended or replaced from time to time), when a Participant Share ceases to be a Restricted Participant Share, all restrictions on disposing of, or otherwise Dealing with, that Participant Share, as set out in these Rules, will cease.
- (c) Unless provided otherwise in the terms of an Invitation, when a Participant Share that is held by the Trustee on behalf of a Participant ceases to be a Restricted Participant Share, the Trustee will continue to hold the Participant Share on trust on behalf of the Participant until such time as:
 - (i) the Participant, subject to approval by the Board (which must not be unreasonably withheld); or
 - (ii) the Company on behalf of the Participant (including in circumstances where the Participant becomes a Leaver or the Expiry Date has been reached),

directs the Trustee to:

- (iii) transfer the Participant Share into the Participant's name; or
- (iv) sell the Participant Share and pay the proceeds of sale (net of any applicable brokerage, commission, stamp duty or other transaction costs) to the Participant.

7. Provisions applying to Participant Shares generally

7.1 Role of Trustee

- (a) Where the terms of the Invitation provide that the Trustee will hold Participant Shares on behalf of a Participant:
 - (i) those Participant Shares will be issued, transferred or allocated and held by the Trustee in accordance with these Rules and the terms of the Trust Deed; and

- (ii) the Company will, or the Company will instruct the Trustee to, notify the Participant that the Trustee holds Participant Shares on the Participant's behalf.
- (b) Subject to the Trustee receiving from the Company sufficient funds to subscribe for or acquire the Participant Shares, the Board may, in its absolute discretion, instruct the Trustee to either subscribe for new Participant Shares or acquire Participant Shares on-market to be held on a Participant's behalf or instruct the Trustee to use a combination of both alternatives.

7.2 Shares to rank pari passu

All Participant Shares issued, transferred or allocated to the Trustee to be held on behalf of a Participant under the Plan will rank pari passu in all respects with the Shares on issue except for any rights attaching to the Shares by reference to a record date prior to the date of their allotment, transfer or allocation, and subject to any restrictions on transfer applicable under these Rules or the Invitation .

7.3 Shares to be quoted on ASX

If Shares of the same class as Participant Shares are quoted on the ASX, the Company will apply to the ASX as required by the Listing Rules for those Shares to be quoted.

8. Restrictions on Dealing with Plan Securities

- (a) Subject to Rule 8(d), a Participant must not Deal in respect of any Plan Securities unless:
 - (i) such Dealing is permitted under and occurs in accordance with the Invitation and/or any Ancillary Documentation;
 - (ii) the Board exercises its discretion in the circumstances set out in, and in accordance with, Rule 11.1(a) to permit Dealing (or a limited form of Dealing) in respect of some or all of the Participant's Plan Securities; or
 - (iii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.
- (b) Where, in the opinion of the Board, a Participant (or the Trustee at the Participant's direction) Deals with a Restricted Participant Share in contravention of Rule 8(a), the Restricted Participant Share is deemed to be immediately be forfeited.
- (c) The Board may, at its discretion, impose restrictions on Dealing in respect of any Participant Shares allocated under the Plan and may implement any procedure it considers appropriate to enforce such restrictions.
- (d) A Participant may, in writing to the Board, request to remove any restrictions on Dealing, but only on the basis of exceptional circumstances (which may include severe financial hardship), which the Board may accept or decline the request in its sole and absolute discretion.

9. Withholding and other taxes

- (a) Unless otherwise required by law, no Group Company is responsible for any Tax that may become payable by a Participant as a consequence of or in connection with the grant of any Right, the issue, transfer or allocation of any Participant Shares or any Dealing with any Plan Security or any Participant Shares.
- (b) If a Group Company is obliged, or reasonably believes it may have an obligation, as a result of or in connection with any Plan Securities granted or Participant Shares issued, transferred or allocated under this Plan, to account for:
 - (i) income tax or employment taxes under any wage, withholding or other arrangements; or
 - (ii) any other tax, social security contributions or levy or charge of a similar nature,that is a liability of the Participant, then the relevant Group Company is entitled to be reimbursed by the Participant for the amount or amounts so paid or payable.
- (c) Where Rule 9(b) applies, the relevant Group Company is not obliged to grant any Plan Securities or issue, transfer or allocate Participant Shares unless the Company is satisfied that arrangements for payment or reimbursement of the amounts referred to in Rule 9(b) have been made. Those arrangements may include, without limitation:
 - (i) the provision by the Participant of sufficient funds to reimburse the relevant Group Company for the amount (by salary deduction, reduction of any amount owed by the Group to the Participant or otherwise);
 - (ii) the sale on behalf of the Participant of Participant Shares issued, transferred or allocated pursuant to these Rules for payment or reimbursement of these amounts, as well as the costs of any such sale; or
 - (iii) a reduction in any amount payable to the Participant in lieu of an issue, transfer or allocation of Participant Shares under these Rules.
- (d) Unless the relevant Group Company and the Participant agree to use a different valuation, any Rights lapsed under Rule 9(c) will be valued using the method of calculation as determined by the Board.

10. Leavers

- (a) Where a Participant becomes a Leaver, the Board, in its discretion, may determine that some or all of a Participant's Plan Securities, as applicable:

- (i) are deemed to have been validly exercised;
 - (ii) are only exercisable for a prescribed period; and/or
 - (iii) are no longer subject to some of the restrictions that previously applied.
- (b) The Board may specify in the Invitation how the Participant's Plan Securities will be treated on the Participant becoming a Leaver, which may:
 - (i) vary depending upon circumstances in which the Participant becomes a Leaver; and
 - (ii) preserve some or all of the Board's discretion under Rule 10(a).

11. Change of Control Event

11.1 Effect of Change of Control Event

- (a) Notwithstanding any other provisions of the Rules, if a Change of Control Event occurs, or the Board determines such event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Plan Securities will be dealt with including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.
- (b) The Board may specify in the Invitation how the Participant's Plan Securities will be treated on a Change of Control Event occurring, or the Board determining that such event is likely to occur, which may:
 - (i) vary depending upon circumstances in which the Participant becomes a Leaver; and
 - (ii) preserve some or all of the Board's discretion under Rule 11.1(a).

11.2 Acquisition of securities in Acquirer

If:

- (a) an entity (**Acquirer**) obtains Control of the Company as a result of a Change of Control Event; and
- (b) the Company, Acquirer and the Participant agree,

subject to Applicable Laws, a Participant may, upon satisfaction of any conditions applicable to the Plan Securities (including any exercise), be provided with securities in the Acquirer or its parent in lieu of Participant Shares in such manner as the parties may agree (including by a replacement security or exchange of Participant Shares issued, transferred or allocated on exercise (if required)) and on substantially the same terms and conditions but with any necessary or appropriate adjustments to the number of kind of securities.

12. Dividends, voting rights and notices of meetings

12.1 Dividends

Subject to the terms of the Trust Deed and Invitation, where the Trustee holds Participant Shares on behalf of a Participant, the dividends payable on those Participant Shares will be paid by the Company to the Trustee, and the Trustee will pay any such dividends to the Participant as soon as reasonably practicable after those dividends are paid by the Company to the Trustee.

12.2 Voting rights

Subject to the terms of the Trust Deed and Invitation, where the Trustee holds Participant Shares on behalf of a Participant, a Participant may direct the Trustee by notice in writing as to how to exercise the voting rights attaching to those Participant Shares held on the Participant's behalf by the Trustee, either generally or in respect of a particular resolution, by way of proxy. In the absence of any such direction, the Trustee must not exercise the voting rights attaching to the Shares held on behalf of the Participant by the Trustee. The Trustee must not vote in respect of any Shares it holds on behalf of a Participant if the vote occurs by show of hands.

12.3 Notices of meetings

Where the Trustee holds Participant Shares on behalf of a Participant, the Company must, or by direction of the Board the Trustee must, forward to a Participant a copy of any notices of meetings of members of the Company received by the Trustee, unless the Participant has notified the Trustee in writing that the Participant does not wish to receive such notices.

13. Trustee

13.1 Rights and obligations

The Board may determine and conclude agreements with the Trustee, and enforce or prosecute any rights and obligations against the Trustee under such agreements, without reference or recourse to the Participants under this Plan. Subject to the terms of the Trust Deed and without limiting the Company's rights in this regard, the Company may, pursuant to and in accordance with any such agreements:

- (a) provide funds to the Trustee in order to allow the Trustee to subscribe for and/or acquire Shares to be held on behalf of Participants under this Plan;
- (b) pay the Trustee for services provided in connection with this Plan and the Trust;
- (c) remove the Trustee and appoint a new trustee (and make any necessary arrangements or provisions for the transfer of Shares held by the Trustee for Participants to a new trustee); and
- (d) otherwise exercise any rights, responsibilities or powers afforded to it under the Trust Deed.

13.2 Costs

The Board may determine the manner in which any costs associated with the Trust and the costs incurred in the course of the performance by the Trustee of its role and duties under this Plan and the Trust Deed are to be borne.

13.3 Administration and holding of Shares

The Trustee must administer the Trust and hold Participant Shares under the Plan in accordance with this Plan, the Trust Deed and any procedures determined by the Company and as agreed to between the Board and the Trustee.

13.4 Registration of Shares

Where Participant Shares are held by the Trustee on behalf of a Participant, those Participant Shares will be registered in the name of the Trustee.

13.5 Separate accounts

A separate account or record will be opened and maintained by the Trustee in respect of each Participant containing details of:

- (a) the contributions made in respect of the Participant and the amount of any Salary Sacrifice;
- (b) Participant Shares issued, acquired or allocated for the benefit of the Participant;
- (c) Participant Shares transferred from the relevant account to the Participant pursuant to the Trust Deed;
- (d) any dividends, Bonus Shares, interest or other earnings or other amounts credited to the account; and
- (e) any proceeds from the sale or disposal of Participant Shares or entitlements arising in connection with those Participant Shares in accordance with the Plan.

13.6 Notification to Participants

The Trustee will notify each Participant when Shares are subscribed for, allocated and/or acquired on his or her behalf and such other information the Board considers appropriate.

14. Alteration and termination of Salary Sacrifice arrangements

14.1 Alteration of Salary Sacrifice contribution

A Participant may, in writing to the Board, request to vary the Participant's Salary Sacrifice contribution amount, only on the basis of exceptional circumstances (which may include severe financial hardship), which the Board may accept or decline the request in its sole and absolute discretion.

14.2 Termination by request

- (a) A Participant may, in writing to the Board, request to terminate a prior Salary Sacrifice arrangement and their participation in the Plan at any time (**Termination Notice**).
- (b) With effect from the time the Board receives a Termination Notice:
 - (i) the Salary Sacrifice arrangement will be terminated and no further Salary Sacrifice contributions for Plan Securities will be made in respect of the Participant with effect from the commencement of the payroll period following the payroll period in which the Board receives the Termination Notice;
 - (ii) no Plan Securities will be granted, issued, transferred or allocated to the Participant in consideration for any Salary Sacrifice contributions made under the Plan that have not at the time of receipt of the Termination Notice been used for or applied to the grant, issue, transfer or or allocation of Plan Securities under this Plan and any such amounts will be repaid to the Participant by the Company as soon as practicable, including any accumulated interest; and
 - (iii) any payment to a Participant under this Rule 14.2(b)(ii) will, to the extent possible, be treated as a payment of Remuneration to the Participant in relation to services rendered by the Participant to any Group Company.

15. Administration of Plan

15.1 Board to administer Plan

The Plan is to be administered by the Board. The Board may make further provisions for the operation of the Plan which are consistent with these Rules.

15.2 Waiver of terms and conditions

Notwithstanding anything in these Rules, the Board may at any time waive in whole or in part any terms or conditions in relation to any Plan Securities granted or Participant Shares issued, transferred or allocated to a Participant.

15.3 Board powers and discretions

- (a) Any power, right or discretion which is conferred on the Board by these Rules may be exercised in its sole and absolute discretion.
- (b) Subject to Applicable Law, the Board does not, in exercising any power or discretion under these Rules, owe any fiduciary or other obligations to any Eligible Person or Participant.

15.4 Delegation of Board powers and discretions

Any power or discretion which is conferred on the Board by these Rules including the power to invite Eligible Persons to participate in the Plan may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers or employees of the Company, or any combination of such persons as the Board thinks fit;
- (b) a Group Company; or
- (c) a third party,

for such periods and on such conditions as the Board thinks fit.

15.5 Documents

The Company may from time to time require a person invited to participate in the Plan or a Participant to complete and return such other documents as may be required by law to be completed by that person or Participant, or such other documents which the Company considers should, for legal, taxation or administrative reasons, be completed by that person or Participant.

15.6 Board decision: final and conclusive

Every exercise of a discretion by the Board (or its delegates) and any decision of the Board as to the interpretation, effect or application of these Rules and all calculations and determination made by the Board under these Rules are final, conclusive and binding in the absence of manifest error.

15.7 Suspension of Plan

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights (if any) of Participants.

16. Restrictions on the Plan

Despite any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, no Plan Security may be granted, issued, transferred or allocated to a Participant or other person:

- (a) if to do so would contravene Applicable Laws; or
- (b) where compliance with any Applicable Law would in the opinion of the Board be unduly onerous.

17. Amendment of the Plan

17.1 Board may amend

Subject to Rule 17.2, the Board may at any time amend the Plan in any respect.

17.2 Power of amendment - limitations

- (a) Subject to Rule 17.3, no amendment may be made to the advantage of Participants to the provisions of the Plan relating to:

- (i) the persons to whom, or for whom, securities, cash or other benefits are provided under the Plan;
 - (ii) limitations on the number or amount of the securities, cash or other benefits subject to the Plan;
 - (iii) the maximum entitlement for any one Participant; or
 - (iv) the basis for determining a Participant's entitlement to, and the terms of, securities, cash or other benefit to be provided and for the adjustment thereof (if any) in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares, reduction of capital or any other variation of capital, without the prior approval of the Company in general meeting.
- (b) No amendment may be made which would affect adversely any of the subsisting rights of a Participant except either with his consent in writing or with the consent of the majority of Participants affected by the amendment or addition.

17.3 Power of amendment - exceptions

The Board may make minor amendments to the Plan in order to:

- (a) take account of any change in Applicable Law;
- (b) comply with present or future State, Territory or Commonwealth legislation or the Listing Rules governing or regulating the maintenance or operation of the Plan or like plans;
- (c) correct any manifest error or mistake;
- (d) enable the Plan or a Group Company to comply with Applicable Law; and/or
- (e) obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, for the Company or any Group Company, or to benefit the administration of the Plan.

17.4 Notification of amendments

The Board must give written notice to all Participants of any amendment which affects their rights.

18. Termination of the Plan

The Plan terminates and is to be wound up (as provided below) on the occurrence of any of the following events:

- (a) 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; or
- (b) if the Board determines that the Plan is to be wound up.

19. Miscellaneous provisions

19.1 Rights of Participants

Nothing in these Rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Eligible Person the right to be invited to apply for, to be offered or to receive any Plan Security;
- (c) confers on any Participant the right to continue as an Eligible Person of any Employer;
- (d) affects any rights which any Employer may have to terminate the employment of any Eligible Person; or
- (e) may be used to increase damages in any action brought against any Employer in respect of any termination of employment.

No person, whether a Participant or otherwise, has any claim, right or interest in respect of the Plan or any Plan Security or other property of the Plan, whether against the Company or any other person, as a consequence of termination of the Eligible Person's employment or appointment or otherwise, except under and in accordance with these Rules.

19.2 Instructions by Participants

For the purposes of these Rules, the Board, the Company and any Employer is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal personal representative of a Participant) as valid, whether given orally or in writing. Any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal personal representative of a Participant) or any other person under these Rules to the Company or the Employer is duly given only if actually received by the Company or Employer (as the case may be).

19.3 Attorney

Each Participant, in consideration of an Invitation, shall be deemed to irrevocably appoint the Company, and any person nominated from time to time by the Company (each an "**Attorney**"), severally, as the Participant's attorney to complete and execute any documents including applications for Plan Securities and transfers of Plan Securities and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules and the Participant shall be deemed to covenant that the Participant shall ratify and confirm any act or thing done pursuant to this power and shall release the Company, each member of the Board, each Group Company and the Attorney (where applicable) from any liability whatsoever arising from the exercise of the powers conferred by this Rule and shall indemnify and hold harmless the Company, each member of the Board, each Group Company and the Attorney (where applicable) in respect thereof.

19.4 Notices

Any notice, certificate, consent, approval, waiver or other communications given by the Board, the Company or the Employer is deemed to have been duly given if:

- (a) sent by electronic mail or delivered by hand; or
- (b) sent by ordinary prepaid mail,

and is deemed to have been served:

- (c) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or
- (d) if posted, three Business Days (or, if posted to a Participant's address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage is to the address as the Board or any Participant may notify to the other or in the case of a Participant who is an Eligible Person, the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of his or her office or employment.

19.5 Data protection

By participating in the Plan, the Participant consents to the holding and processing of personal data provided by the Participant to the Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participant records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan; and
- (c) providing information to any regulatory authority (including the Australian Tax Office) where required under law; and
- (d) providing information to future purchasers of the Group or a Group Company or the business in which the Participant works.

19.6 Governing law

- (a) These Rules are governed by the laws in force in Western Australia and are construed and take effect in accordance with those laws.
- (b) Each Participant submits to the non-exclusive jurisdiction of the courts of Western Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought in connection with this Plan.