



ACN 007 698 106

**RULES OF THE
KORVEST
EMPLOYEE SHARE BONUS PLAN**

Version Aug 08 – Change holding period from 5 to 7 years

Version Feb 10 – remove ability for an employee to sell shares 1 yr after termination. Must be held for 7 yrs now regardless of whether still employed or not.

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KORVEST EMPLOYEE SHARE BONUS PLAN

RULES

Note: Definitions of certain expressions used in these Rules are contained in Rule 19.

PART I: BASIC RULES OF THE PLAN

1. Eligibility

- (a) Subject to Paragraph (b), any Employee may be invited to participate in the Plan.
- (b) The Board may in its absolute discretion establish eligibility criteria for participation in the Plan by Employees and alter those criteria from time to time.

2. How the Plan Works

- (a) The Plan involves the issue or transfer of fully paid ordinary shares in the Company to Eligible Employees:
 - i. who are invited to participate in an offering of shares under the plan;
 - ii. who apply to participate in offering of shares under the plan; and
 - iii. whose applications to participate in the plan are accepted by the Board.
- (b) Subject to the restrictions in Rule 4, the Board may at any time invite any Eligible Employee to participate in a proposed offering of shares under the Plan.
- (c) Subject to the restrictions in Rule 4, the number of shares (if any) for which an Eligible Employee shall be entitled to apply in respect of a particular offering under the Plan shall be determined by the Board in its absolute discretion.
- (d) Shares will be made available on one of the following bases:
 - i. that the eligible employee shall not be liable to pay any amount in respect of the acquisition of the shares; or
 - ii. that the eligible employee shall be liable to pay, in the manner determined by the board, either a specified amount in respect of the acquisition of the shares or a specified proportion of the value or cost of the shares.

- (e) The acquisition price of shares provided to a Plan Participant (ie the issue price in respect of shares issued to a Plan Participant or the consideration payable in respect of shares transferred to a Plan Participant) shall be:
- i. where the Company is to contribute an amount in respect of the acquisition price, no less than the Market Value of the shares at the time of their acquisition by the Plan Participant; and
 - ii. where the Company is not to contribute an amount in respect of the acquisition price, the price determined by the Board in its absolute discretion, provided that such price does not result in the Plan Participant receiving a Discount Benefit that exceeds \$1,000 or such other amount as from time to time may be specified in section 139BA(2) of the Tax Act.

3. Invitations to Participate in the Plan

- (a) An invitation to participate in a proposed offering under the Plan shall be in writing.
- (b) An invitation shall state the following matters:
- i. the number of shares for which the Eligible Employee may apply;
 - ii. the method by which the shares would be provided to the Eligible Employee;
 - iii. the acquisition price of the shares or the means by which the acquisition price would be determined;
 - iv. where the Eligible Employee is to pay an amount in respect of the acquisition of the shares, the amount of the payment to be made by the Eligible Employee and the required method of payment;
 - v. any restriction on the transferability of the shares; and
 - vi. that the invitation may be accepted within the Acceptance period by the Eligible Employee forwarding to the Company a duly completed and signed written application in such form as may be approved by the Company from time to time.

4. Restriction on Invitations

- (a) The number of shares that may be the subject of invitation to Eligible Employees under the Plan, when aggregated with:
- i. the total number of ordinary shares in the Company being the subject of any outstanding offers or invitations or options under any employee share plan conducted by the Company; and

- ii. the total number of ordinary shares issued under any employee share plan conducted by the Company during the previous five years,

shall not exceed 5% of the number of ordinary shares in the Company on issue at the time of the invitations.

- (b) No invitation may be issued under this Plan if the provision of shares pursuant to its terms could result in an Eligible Employee receiving in any one "year of income" (as that term is defined in the Tax Act) in respect of that Eligible Employee a Discount Benefit that exceeds the Maximum Discount Benefit.
- (c) Notwithstanding any other Rule of this Plan, no Plan Participant shall be provided with shares under this Plan if the Market Value of the shares, aggregated with the Market Value of any other shares provided to the Plan Participant under the Plan in the "year of income" (as that term is defined in the Tax Act), exceeds \$1,000 or such other amount as from time to time may be specified in section 139BA(2) of the Tax Act.

5. Acceptance of Invitations to Participate

- (a) An application by an Eligible Employee to participate in a proposed offering under the Plan may only be made on a form of application which has been approved by the Board for the purpose and which has been duly completed and signed by the Eligible Employee and which is accompanied by such additional information or documents as the Board may require.
- (b) An application by an Eligible Employee in relation to a proposed offering of shares under the Plan, together with any payment for the shares required to be made by the Eligible Employee, must be received by the Company within the Acceptance Period.
- (c) The Board reserves the right to refuse any application by returning a copy of the application, and any payment received with the application, to the address set out in the application as soon as possible, but in any event within 14 days of the end of the Acceptance Period.

6. Provision of Shares

- (a) Upon acceptance by the Board of an application by an Eligible Employee to participate in an offering of shares under the Plan, the Company shall ensure that the number of shares to which such application relates are issued or transferred to the applicant.
- (b) The Company may procure the acquisition by the Plan Participant of such shares by any method determined by the Board, whether by way of allotment from the Company, or by way of transfer on or off the market of the Australian Stock Exchange Limited.

7. Financial Assistance

- (a) The Company may give financial assistance for the purpose of, or in connection with the acquisition of Plan Shares by Plan Participants by way of loan or non-refundable subsidy to the Plan Administrator for the purpose of enabling the Plan Administrator to fund the acquisition of shares in the names of the Plan Participants.
- (b) The terms applicable to any loan to the Plan Administrator shall be as determined by the Company and the Plan Administrator. Loans to the Plan Administrator may be made on the basis that no interest is payable and repayment is required only as and when the Plan Administrator has surplus funds.

8. Restrictions on Transferability

- (a) Participation in an offering of shares under the Plan will be subject to terms and conditions which:
 - i. restrict the right of a Plan Participant to dispose of Plan Shares, for seven years from the date of issue of the Plan Shares.
 - ii. reserves such rights for the Company or a Plan Administrator as the Board thinks fit to enable the Company or Plan Administrator to enforce such restrictions or any restriction imposed under the Rule 8(b), and such rights may include (without limitation) the retention by the Company or Plan Administrator of the Plan Participant's share certificates or shareholding statements and a power of sale in respect of the Plan Shares.
- (b) Participation in an offering of shares under the Plan may also be subject to terms and conditions which render the Plan Participant liable to be divested of ownership of Plan Shares in certain designated circumstances.
- (c) Where participation in an offering under the Plan is subject to terms and conditions which reserve to the Company or a Plan Administrator a power of sale in respect of Plan Shares, each relevant Plan Participant irrevocably authorises the Company or any Plan Administrator as the Plan Participant's agent and attorney to execute, on the Plan Participant's behalf, any transfer of the Plan Participant's Plan Share without being liable to account to the Plan Participant for the proceeds of sale.

9. Ranking of Plan Shares

Subject to Rule 8, Plan Shares will from the date of allotment or transfer rank equally with all other fully paid ordinary shares of the Company.

10. Quotation of Plan Shares

Where shares are allocated to Plan Participants, the Company shall make application for those shares to be listed on each stock exchange upon which the company's shares are quoted.

PART II: MISCELLANEOUS RULES

11. Administration

- (a) The Board may administer this Plan itself or appoint any person, company or other entity to administer all or specified aspects of the Plan. The Board may at any time in its absolute discretion replace any Plan Administrator.
- (b) The Board and any Plan Administrator shall have power to:
 - i. determine appropriate procedures for administration of the Plan consistent with these Rules;
 - ii. resolve conclusively all questions of fact or interpretation in connection with the Plan; and
 - iii. delegate to any one or more persons, for such period and on such conditions as the Board or the Plan Administrator may determine, the exercise of any of the Board's or the Plan Administrator's powers or discretions arising under the Plan.

12. Deemed Termination of Employment

For the purpose of these Rules, if a Controlled Entity or Associated Entity by which the Plan Participant is employed ceased to be a Controlled Entity or Associated Entity, the employment of the Plan Participant with the Controlled Entity or Associated Entity shall be deemed to have terminated upon the date of the cessation, unless the Plan Participant commences employment with the Company or a Controlled Entity or Associated Entity within 30 days after such cessation.

13. Plan Participants Bound by Rules and Memorandum and Articles of Association

Plan Participants will be bound by these Rules and by the Company's Memorandum and Articles of Association in the same way as any other holder of fully paid ordinary shares in the Company.

14. Forms

The Company or the Plan Administrator may from time to time require a Plan Participant to complete and return such documents as may be required by law to be completed by the Plan Participant or such other documents which the

Company or the Plan Administrator considers should, for legal, taxation, administrative or other reasons, be completed by the Plan Participant.

15. Rights of Employees

This Plan shall not form part of any contract of employment between the Company (or any of its Controlled Entities or Associated Entities) and any Employee or Plan Participant, and shall not confer directly or indirectly on any such person any legal or equitable right whatsoever (other than as set out in these Rules) whether on termination of employment or otherwise.

16. Suspension or Termination of Plan

The Board may at any time suspend or terminate the Plan, provided that such suspension or termination does not prejudice the rights and entitlements of any Plan Participant subsisting prior to the suspension or termination unless each such Plan Participant consents in writing to the suspension or termination.

17. Notices

(a) All notices given pursuant to this Plan shall be in writing and shall be deemed to have been duly given if:

- i. delivered;
- ii. posted by pre-paid certified mail; or
- iii. sent by facsimile transmission, telex or other print-out communications method;

And shall be deemed to have been served:

- i. if delivered, at the time of delivery;
- ii. if posted by pre-paid certified mail, 3 business days after the date of posting or, if the Employee's address is outside Australia, 5 business days after the date of posting; and
- iii. if sent by facsimile transmission, telex or other print-out communications method, 24 hours after the same was despatched.

(b) Delivery, postage and print-out communications shall be:

- i. in the case of the Company, to its registered office; and
- ii. in the case of an Employee or the Plan Administrator, to the applicable address according to the records of the Company.

or to such other address as the Company, the Plan Administrator or an Employee may notify to the other parties respectively.

18. Relevant Law

These Rules shall be governed by and construed in accordance with the laws of the State of South Australia, and Plan Participants agree to submit to the non-exclusive jurisdiction of the courts of that State (and any courts competent to hear appeals from such courts).

19. Interpretation

In these rules, unless the context otherwise requires:

(a) The following terms have the following meanings:

Acceptance Period means in respect of each proposed offering of shares under the Plan the period within which an invitation to participate in the offering must be accepted.

Associated Entity means a company in which the Company holds, either directly or through one or more interposed entities, at least 30 per cent of the voting shares (as defined in Section 9 of the Corporations Law).

Board means the Board of Directors of Korvest Ltd.

Company means Korvest Ltd ACN 007 698 106.

Controlled Entity means any company that would be treated as controlled by the Company by reference to Schedule 5 of the Corporations Regulations and also includes any other company associated with the Company that the board determines to be a Controlled Entity for the purposes of these Rules.

Discount Benefit means, in respect of shares acquired by an Eligible Employee by accepting an invitation issued under this Plan, the amount by which the Market Value of such shares at the time of their acquisition by the Eligible Employee exceeds the amount that the Eligible Employee is liable to pay in respect of the acquisition of the shares.

Eligible Employee means an Employee or, if at the particular time the Board has established eligibility criteria in accordance with Rule 1(b), an Employee who meets those eligibility criteria.

Employee means any full-time or part-time employee (including executive directors but not including casual employees) of the Company, a Controlled Entity or an Associated Entity.

Market Value has the same meaning as that term has in Subdivision F of Division 13A or Part III of the Tax Act.

Maximum Discount Benefit means \$1,000 or such other amount as from time to time may be specified in section 139BA(2) of the Tax Act.

Plan means the employee share plan established by these Rules (as amended from time to time in accordance with these Rules).

Plan Administrator means any person, company or other entity appointed from time to time by the Board to administer this Plan.

Plan Shares means shares acquired under this Plan and:

- i. Any bonus shares from time to time issued by the Company in respect of shares acquired under this Plan; and
- ii. Any shares in the Company or a Controlled Entity of the Company resulting from or acquired pursuant to a capital reconstruction of Plan Shares, but does not include any shares acquired upon the exercise of any rights issued in respect of Plan Shares.

Tax Act means the Income Tax Assessment Act 1936 (Commonwealth).

- (b) The singular includes the plural and vice versa and words importing a gender include other genders.
- (c) A reference to a business day is a reference to a day (other than a Saturday) on which trading banks generally are open for business.
- (d) A reference to legislation, or to a provision of legislation or a provision of a class order of the Australian Securities Commission, is a reference to the legislation or provision as amended or substituted from time to time.
- (e) A reference to these Rules, or to a particular Rule, means the Rules or the Rule as amended or substituted from time to time.