

Saluda Medical Pty Ltd

Employee Option Plan

Plan Rules¹

¹ Pursuant to the Share Exchange Agreement by and between Saluda Medical Pty Limited, Saluda Medical, Inc. and certain other parties dated April 2, 2023, this Saluda Medical Pty Ltd Employee Option Plan was amended, effective April 2, 2023, such that all references to the “Company” and Saluda Medical Pty Ltd contained herein shall refer to Saluda Medical, Inc.

Saluda Medical Pty Ltd Employee Option Plan

Plan Rules

1. Definitions and Interpretation

- 1.1 In these rules, unless the contrary intention appears, the following terms have the following meanings:

Allotment Date means the date on which CDIs are allotted under the Company's initial public offering of securities.

ASIC means Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691 or the market it operates, as the context requires.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

Board means the board of directors of the Company (or where applicable, New HeadCo following implementation of a Redomicile) or, any committee of that board (including a Plan Administrator);

CDI means CHESS Depositary Interests representing Shares, as defined by the operating rules of the settlement facility provided by ASX Settlement.

Company means Saluda Medical Pty Ltd ACN 145 902 272;

Corporations Act means *Corporations Act 2001 (Cth)*;

Eligible Person means any person considered by the Board to be employed by the Company or any other entity in the Group (whether full time, part time or on a long term casual basis) and any director, consultant or advisor of the Group who is declared by the Board to be an Eligible Person for the purposes of these Rules;

Eligible Trustee means a person or entity approved by the Company from time to time to act as a bare trustee to hold Plan Shares on behalf of a Participant;

Exercise Price means the exercise price of an option determined under rule 7 as adjusted from time to time, if applicable, under rule 14;

Expiry Date means, subject to rule 8, the date on which an Option lapses under rules 3.4(a) and 8;

Group means the group of related or associated companies of which the Company is the holding company and includes any entity designated by the Board to be a member of the Group (even though not a subsidiary of the Company);

Listed means that the Company (or New HeadCo, following implementation of a Redomicile) is admitted to the official list of, or otherwise listed on, a securities exchange;

Listing Rules means the listing rules of a securities exchange on which the Company (or New HeadCo, following implementation of a Redomicile) is Listed;

Liquidity Event means:

- (a) the date on which an agreement for the sale of all or substantially all of the share capital of the Company (or New HeadCo, following implementation of a Redomicile) is entered into or the acquisition by one of the shareholders of all of the remaining Shares, other than in the context of a solvent reconstruction where the underlying beneficial ownership remains substantially unchanged;
- (b) the date on which an agreement for the disposal by whatever means (including without limitation by sale, transfer, licence, declaration of trust or otherwise) of the whole or substantially the whole of the property, business or undertaking of the Company (or New HeadCo, following implementation of a Redomicile) is entered into;
- (c) the reorganisation, merger or consolidation of the Company with another entity in which the Company will not survive; or
- (d) if the Company is Listed, there is a takeover bid for the Company as defined section 9 of the Corporations Act;

New HeadCo means a newly-incorporated United States domiciled entity;

Option means an option in respect of an unissued Plan Share in the Company and granted under this Plan;

Participant means a person who holds one or more Options or Plan Shares issued on exercise of an Option under the Plan (including, where applicable, an Eligible Trustee);

Plan means this Employee Option Plan;

Plan Administrator a committee to administer the Plan, which shall be comprised of two or more non-executive directors who are not executive officers or employees of the Company or any of its subsidiaries, or family members of any executive officers or employees of the Company or any of its subsidiaries or such other composition as required by law or the Listing Rules;

Plan Share means a Share or CDI issued on exercise of an Option;

Redomicile means a transaction pursuant to which all of the Shares in the Company are acquired by New HeadCo, and in which the shareholders of the Company immediately following such transaction hold substantially the same percentage equity interests in New HeadCo as they held in the Company immediately prior to such transaction;

Share means a share of common stock of Saluda Medical, Inc. or any successor;

Shareholders Agreement means a shareholders agreement entered into between the Company and the shareholders of the Company (if any);

Trust means a bare trust established by a Participant and the Trustee from time to time for the purposes of holding Plan Shares;

Trust Deed means the deed constituting or evidencing the applicable Trust; and

Trustee means an Eligible Trustee which is the trustee of the applicable Trust (from time to time).

- 1.2 Expressions given a meaning in the Corporations Act have the same meaning when used in this Plan.
- 1.3 In these rules, except where the context otherwise requires:
- (a) the singular includes the plural and vice versa;
 - (b) a reference to the whole or part of any legislation includes any amendment, consolidation or re-enactment of the legislation or any legislative provision substituted for the legislation;
 - (c) headings are inserted for convenience only and do not affect construction or interpretation of these rules; and
 - (d) a reference to a rule or a schedule is a reference to a rule of or schedule to this Plan.
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2. Commencement of the Plan

- 2.1 This Plan is an amendment and restatement of the Saluda Medical Pty Ltd Employee Option Plan Rules, which was most recently amended effective April 2, 2023. This amendment and restatement is effective as of the day immediately preceding the Allotment Date.
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3. Grant of Options

- 3.1 Subject to rule 3.3, the Board may, in its discretion and from time to time, grant to Eligible Persons any number of Options on such terms as they may determine in accordance with these rules.
- 3.2 Options must be granted on the terms of this Plan and each Participant will be taken to have agreed to be bound by the terms of this Plan (and any additional terms in the notice of grant) on the grant of Options to that Participant.
- 3.3 If and to the extent applicable at any time, the grant of Options under this Plan generally or to particular Eligible Persons is subject to any required regulatory filings and receipt of any necessary shareholder, regulatory or other approvals under:
- (a) the Corporations Act or any other law applicable to the Company; and
 - (b) if the Company is Listed, the applicable Listing Rules.
- 3.4 Subject to any limitations under the Corporations Act or any other law applicable to the Company, when granting Options to an Eligible Person the Board:
- (a) must determine the date and time on which the Options are to lapse (if not exercised or lapsed under rule 8 before that date);
 - (b) may determine the dates on which the Options vest in the Participant and, subject to rule 9, thereby become exercisable by the Participant; and
 - (c) may determine any other conditions which must be satisfied before the Options vest in the Participant or are otherwise exercisable by the Participant.

- 3.5 If at the time of issue of the Option, a Shareholders Agreement has been entered into by shareholders of the Company, the Board may require that Plan Shares be held subject to the terms of the Shareholders Agreement and that the Participant accede to the Shareholders Agreement.
- 3.6 In the discretion of the Board, CDIs in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Option may be distributed in lieu of Shares upon the exercise of any Option, as adjusted to reflect the number of Shares represented by a CDI. If the number of Shares represented by a CDI is other than on a one-to-one basis, the limitations of this Plan shall be adjusted to reflect the distribution of CDIs in lieu of Shares.
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4. Maximum Number of Options

The maximum number of Options that may be granted to Participants under this Plan from time to time is limited to such number as:

- (a) if the Company has a Shareholders Agreement and/or a constitution, is consistent with that Shareholders Agreement and/or constitution (as applicable);
 - (b) if the Company is Listed, is consistent with any applicable Listing Rules; and
 - (c) in any event is determined by the Board from time to time in its discretion or having regard to regulatory constraints under the Corporations Act, ASIC policy or any other law applicable to the Company.
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5. Trust in connection with Plan Shares

- 5.1 Notwithstanding any other rule of this Plan, the Company may permit a Trustee to subscribe for, purchase or receive a transfer of Plan Shares to be held on trust on behalf of a Participant in accordance with the Plan.
- 5.2 The Trustee must administer the Trust and hold the Plan Shares in accordance with the Plan and the Trust Deed.
- 5.3 Where Plan Shares are held by the Trustee on behalf of a Participant, those Plan Shares will be registered in the name of the Trustee.
- 5.4 The Company will pay all stamp duty or other transaction costs of the Trustee in relation to the acquisition of Plan Shares by the Trustee under the Plan.
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6. Notice of Grant

- 6.1 When Options are granted to an Eligible Person, the Eligible Person (now a Participant) is to be notified by the Company of the grant. The notice is to specify:
- (a) the number of Options granted;
 - (b) the Exercise Price of the Options granted;
 - (c) the date determined by the Board as the Expiry Date under rule 3.4(a);
 - (d) if applicable, the dates on which the Options vest as determined by the Board under rule 3.4(b); and
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- (e) if applicable, any other conditions, including exercise conditions, attaching to the Options as determined by the Board under rule 3.4(c).
 - 6.2 Subject to rule 6.3, the term of an Option commences on the date the Board resolves to grant the Option.
 - 6.3 An Eligible Person may, within twenty (20) business days after receipt of a notice of grant under rule 6.1, by notice to the Company decline to accept the Options referred to in the notice of grant. If notice is received from an Eligible Person under this rule, the Options will not be granted to that person. If no notice is received under this rule, the Options are deemed granted to that Eligible Person.
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7. Exercise Price

The exercise price of each Option is to be such price as determined by the Board in its discretion when granting the Option.

8. Expiry Date

- 8.1 Subject to rules 8.2 to 8.5 (inclusive), Options granted to a Participant lapse on the date and time determined by the Board under rule 3.4(a) (unless exercised prior to that date).
- 8.2 If a Participant ceases to be an Eligible Person for any reason other than due to a circumstance described in rule 8.3, 8.4 or 8.5:
 - (a) all Options granted to a Participant which have vested and that are exercisable lapse on the expiry of 45 days (or such longer period as determined by the Board) after the date that they cease to be an Eligible Person; and
 - (b) all Options granted to a Participant which have not vested automatically lapse unless the Board determines that, instead of lapsing, all or any of those Options will become exercisable and will lapse at a time specified by the Board.
- 8.3 If a Participant ceases to be an Eligible Person due to redundancy:
 - (a) all Options granted to a Participant which have vested and that are exercisable lapse on the expiry of 90 days (or such longer period as determined by the Board) after the date that they cease to be an Eligible Person; and
 - (b) all Options granted to a Participant which have not vested automatically lapse unless the Board determines that, instead of lapsing, all or any of those Options will become exercisable and will lapse at a time specified by the Board.
- 8.4 If a Participant ceases to be an Eligible Person due to death or permanent disability:
 - (a) all Options granted to a Participant which have vested and that are exercisable lapse on the expiry of 12 months (or such longer period as determined by the Board) after the date that they cease to be an Eligible Person; and
 - (b) all Options granted to a Participant which have not vested automatically lapse unless the Board determines that, instead of lapsing, all or any of those Options will become exercisable and will lapse at a time specified by the Board.

8.5 If a Participant ceases to be an Eligible Person in any of the following circumstances in the opinion of the Board:

- (a) theft, fraud, assault or like indictable offence of the Participant;
- (b) serious misconduct or other conduct which is contrary to the best interests of the Company or relevant member of the Group, gross negligence, material breach of duty or written agreement with a member of the Group or any other conduct that would justify summary dismissal of the Participant; or
- (c) the Participant breaches any material obligations in their employment agreement post termination of employment,

all Options granted to the Participant (whether exercisable, vested or unvested) immediately lapse upon the date the Participant ceases to be an Eligible Person for nil consideration.

9. Option Exercise

- 9.1 If an Option is subject to vesting and/or exercise conditions pursuant to rules 3.4(b) and 3.4(c), it may only be exercised if it has vested and before it expires. While the Company is not Listed, the Board may in its absolute discretion accelerate the vesting of Options of any Optionholder.
- 9.2 Subject to rule 9.1, an Option may be exercised by a Participant at such time(s) and subject to such exercise conditions as the Board determines at the time of grant.
- 9.3 Subject to rule 14, when vested and exercisable, each Option held by a Participant entitles the Participant to subscribe for and to be issued one Plan Share (credited as fully paid). The subscription price for the Plan Share is equal to and satisfied by payment of the Exercise Price of the Option.
- 9.4 If, at the time a Participant purports to exercises any Option, if there is a Shareholders Agreement, the Board may by written notice to the Participant, require the Participant to also execute the Shareholders Agreement or a deed of accession to such Shareholders Agreement (in form and substance satisfactory to the Board). Plan Shares will not be issued to any Participant on exercise of an Option unless this rule 9.4 is complied with.
- 9.5 The Board in its sole discretion may also permit the “cashless exercise” of an Option. In the event of a cashless exercise, the Participant shall surrender the Option to the Company, and the Company shall issue the Participant the number of Plan Shares determined as follows:

$X = Y (A-B) / A$ where:

X = the number of Plan Shares to be issued to the Participant.

Y = the number of Plan shares with respect to which the Option is being exercised.

A = the fair market value of an ordinary share in the capital of the Company on the date of exercise.

B = the Option exercise price.

10. Manner of Exercise

- 10.1 A Participant may exercise Options by lodging with the Company a notice of exercise in a form approved or accepted by the Board accompanied by:
- (a) payment of the aggregate exercise price for the Options the subject of the notice;
 - (b) the Participant's option certificate;
 - (c) if the Board requires the Participant to accede to the Shareholders Agreement, a duly executed Shareholders Agreement or deed of accession as per rule 9.4.
- 10.2 If a Participant does not exercise all Options held by the Participant, the Participant must exercise Options in multiples of 100 or other multiple permitted by the Board. On exercise of any Options by a Participant, the Company must issue Plan Shares in accordance with this Plan. The Company must comply with the requirements of the Corporations Act or other applicable securities laws and, if the Company is Listed, the Listing Rules in connection with the manner and timing of issue of the Plan Shares. The Company is not obliged to issue Plan Shares unless it has received cleared funds on account of the Exercise Price of the relevant Options.
- 10.3 Plan Shares issued on exercise of Options rank equally with all existing Shares from the date of the issue of such Plan Shares.
- 10.4 No interest in Plan Shares will be deemed to exist in the hands of the Participant until the Options are exercised.
- 10.5 Plan Shares may only be issued in the name of the Participant exercising the Option unless the Board otherwise agrees.
- 10.6 No right to exercise can be made if the exercise would breach the Company's constitution, the Listing Rules, the Corporations Act or other applicable law.

11. No Transfer

- 11.1 The rights and entitlements of a Participant to Options may not be transferred, assigned, encumbered or otherwise disposed of by the Participant except by transmission on death of the Participant or with the written agreement of the Board (which may be given or withheld in its discretion and must be performed in accordance with the constitution of the Company). Each Option will bear legend indicating that the Options may not be transferred otherwise than in accordance with this Plan, the constitution of the Company and applicable securities law.
- 11.2 Plan Shares may only be transferred, assigned, encumbered or otherwise disposed of by the Participant in accordance with the constitution of the Company and with the prior written consent of the Board. The consent requirement in this rule does not apply if the Company is Listed.

- 11.3 The following provision only applies to Participants resident in Australian for taxation purposes. For the avoidance of doubt, unless a Participant disposes of an Option or a Plan Share under an arrangement which meets the requirements in this Plan, the notice of grant and section 83A-130 of the Income Tax Assessment Act 1997 (Cth), the Board will not provide its consent under rule 11.1 or 11.2 and a legal or a beneficial interest in an Option or a Plan Share, and may not be disposed of until the earlier of:
- (a) three years after the issue of the Option or such earlier time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Income Tax Assessment Act 1997 (Cth); and
 - (b) the date the person ceases to be an Eligible Person under rule 8.
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12. Listing

- 12.1 The Options will not be listed on any securities exchange on which the Company is Listed.
- 12.2 If the Company is Listed at the time of exercise of any Options, the Company will make application to the relevant securities exchange for listing or quotation of the Plan Shares. Any such application is to be made in accordance with the requirements of the applicable Listing Rules.
- 12.3 The grant of each Option is subject to a condition that if the Company become Listed, the Participant or former Participant must sign any restriction (escrow) agreement required by the relevant securities exchange, in respect of the Option or any Plan Shares.
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13. Participation in New Issues

A Participant may only participate in issues of securities by the Company if the Option has been exercised and a Plan Share allotted in respect of the exercise of that Option before the books closing date for determining entitlements to the security issue.

14. Variations of Capital

14.1 Bonus issues

- (a) If, prior to the exercise of an Option by a Participant, the Company makes a bonus issue of Shares to at least all holders of Shares to whom such an offer would be lawful, then on exercise by a Participant of an Option the Participant will be entitled to be allotted (in addition to the Plan Shares to which the Participant is otherwise entitled), the number of additional Plan Shares (in this rule 14.1 called **Additional Shares**) which would have been issued to the Participant in such Bonus Issue (disregarding fractions) if, at the date on which entitlements to the Bonus Issue were calculated, the Participant had been registered as the holder of Plan Shares (equal to the aggregate of the number of Plan Shares and any Additional Shares if any, resulting from any earlier application of this rule) to which the Participant would have been entitled if immediately prior to that date the Participant had exercised the vested Option in respect of the Plan Shares then the subject of the vested Option. For the avoidance of doubt, Additional Shares will not be calculated with respect to unvested Options.

- (b) The Additional Shares must be issued credited as fully paid and rank equally with the other Shares issued as a result of the exercise of the Option.

14.2 Rights Issues

This rule 14.2 only applies if the Company is Listed. If, prior to an exercise of an Option by a Participant and the Company is Listed, the Company makes a pro rata offer (as defined in the ASX Listing Rules), the Exercise Price of the Option will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

- O' = the new Exercise Price of the Option;
O = the old Exercise Price of the Option;
E = the number of Shares into which the Option is exercisable;
P = the average market price per Share (weighted by reference to volume) of the Shares during the 5 trading days on the exchange on which the shares are Listed ending on the day before the ex-rights date or ex-entitlements date or if there is no such date then the date chosen by the Board. If the Company is Listed on more than one exchange, then this provision is to be interpreted by reference to trading on the primary exchange on which Shares are Listed (unless the Board otherwise determines);
S = the subscription price for a Share under the pro rata issue;
D = the dividend due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and
N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

14.3 Reconstruction of Capital

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company:

- (a) the number of Plan Shares to which a Participant is entitled on exercise of an Option will be reduced or increased in the same proportion as the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
(b) an appropriate adjustment will be made to the Exercise Price, to the effect that the total amount payable on an exercise of all Options by each Participant will not alter.

The Board's determination as to how a reconstruction should be undertaken will be conclusive.

14.4 Return of Capital

If, prior to the exercise of an Option by a Participant, the Company makes a return of capital to holders of Shares generally, the Exercise Price will be reduced by the amount of the capital returned in respect of each Share.

14.5 Cumulative Adjustments

The terms of this rule 14 relating to bonus issues, rights issues, reconstructions and returns of capital may be applied on more than one occasion such that their effects may be cumulative. It is intended that the adjustments they progressively effect will be such as to reflect in relation to the Plan Shares subject to Options, the adjustments which on the occasions in question are progressively affected in relation to Shares already on issue.

14.6 Notice of Adjustments

Whenever the number of Plan Shares subject to an Option or the Exercise Price is adjusted in accordance with these rules, the Company will give notice of the adjustment to the Participant holding the Option.

15. Buy-Back or Cancellation

[Reserved.]

16. Liquidity Event

16.1 Where a Liquidity Event has or in the reasonable opinion of the Board may occur, the Board may at its sole discretion determine the manner in which the Options will be dealt with (for clarity, without the need for Participant consent).

16.2 Without limiting the foregoing, following are examples of the manner in which the Board may determine the Options be dealt with in the event of a Liquidity Event:

- (a) arranging for the new parent company of the Company to become a substituted company whereby it agrees to assume the obligation of the Company under the Plan and to issue to the Participant shares in the substitute company upon exercise of Options or substitute options to acquire shares in the substituted company. Where shares in the substituted company are to be issued on exercise of Options following a Liquidity Event, the Board will arrange for the exercise price of the Options to be adjusted prior to exercise and/ or an appropriate number of shares in the substituted company to be transferred and issued upon exercise of the Option, to reflect the differences at that time in the market value of ordinary shares in the Company and ordinary shares in the substituted company, any foreign exchange effects and the capital structure of the Company and the substituted company. Where options in a substituted company are to be substituted for options following a Liquidity Event occurring, the Board will arrange for the number and terms of the options substituted, the exercise price of such options, and the number of shares in the substituted company into which the new Options are exercisable to as nearly as possible ensure the financial position of the Participant whose Options are substituted remain the same as if they were able to exercise the substituted Options at the date of the substitution.

- (b) allowing Participants affected by the Liquidity Event to exercise some or all of their vested Options within such times as determined by the Board and to lapse any Options not exercised within such times, provided that in the case of a sales of all the Shares in the Company, the Participant likewise sells their Plan Shares;
 - (c) conducting a buy-back or cancel any outstanding vested Option that is not exercised prior to closing of the Liquidity Event (or such later period as the Board may permit), without prior notice, by paying the Participant an amount equal to the fair market value of the consideration that the Participant would have received in the Liquidity Event in exchange for the Plan Shares underlying the Option, less the exercise price of the Option.
- 16.3 In the event of a Liquidity Event or initial public offering, the Board may at its sole discretion determine to accelerate the vesting of some Options. If the transaction the subject Liquidity Event does not occur, the Board may reimpose the relevant exercise conditions that were accelerated or waived so that the vesting position immediately prior to the Liquidity Event is restored as though the Liquidity Event or proposed initial public offering had not occurred.
- 16.4 The Board may also, in its absolute discretion, permit the exercise of Options during such period as the Board determines where:
 - (a) a Court orders a meeting to be held in relation to a proposed 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;
 - (b) any person becomes bound or entitled to acquire shares in the Company under:
 - (1) section 414 of the Corporations Act; or
 - (2) Chapter 6A of the Corporations Act; or
 - (c) the Company passes a resolution for voluntary winding up; or
 - (d) an order is made for the compulsory winding up of the Company.
- 16.5 If a Participant exercises his or her Options in accordance with a notice given under this Rule 16 the Participant agrees that the exercise of the Option constitutes his or her authority to sell the Plan Shares issued on exercise of the Options as part of the Liquidity Event proceeding on terms no less beneficial than those offered to other shareholders in respect of the Liquidity Event.

17. Redomicile

- 17.1 If the Company implements a Redomicile, the Board may, at its sole discretion, arrange for New HeadCo to become a substituted company whereby it agrees to assume the obligations of the Company under the Plan and to issue to the Participant shares in New HeadCo upon exercise of Options following the effective date of the Redomicile. Where shares in New HeadCo are to be issued on exercise of Options following a Redomicile, the Board will arrange for the exercise price of the Options to be adjusted prior to exercise and/ or an appropriate number of shares in the New HeadCo to be transferred and issued upon exercise of the Option, to reflect the differences at that time in the market value of ordinary shares in the Company and ordinary shares in New HeadCo, any foreign exchange effects and the capital structure of the Company and New HeadCo.

18. Drag Along

[Reserved.]

19. Power of Attorney

If any holder of Plan Shares does not, within 2 Business Days of being required to do any act required under this Plan, including without limitation to do all things necessary to effect: i) a revocation, cancelation or buy-back of Plan Shares (as applicable) under rule 15; ii) an adjustment of Options or Plan Shares following a Liquidity Event or initial public offering under rule 16; iii) an adjustment of Options or Plan Shares following a Redomicile under rule 17 or iv) a sale of Plan Shares under rule 16.5 or 18, then any director of the Company is entitled to execute and will be entitled to authorise and instruct such person as it sees fit to execute all such documents on the Participant's behalf to give effect to this Plan and the directions of the Company and the validity of such actions will not be challenged by any former Eligible Person. Each Participant and former Participant declares that all acts, matters and things done by the attorney in exercise of its power will be as valid and effective as if they had been done by them. Each Participant releases and indemnifies the attorney against all liability, loss, costs, charges or expenses arising from the proper exercise of powers under this rule 19. Each Participant declares that its appointment of the Attorney is given for valuable consideration and is irrevocable.

20. Plan and Option Amendments; Repricing

20.1 This Plan and the rights attaching to the Options may be amended by the Board subject to receipt of any necessary shareholder or other approval required under:

- (a) the Corporations Act or any other law applicable to the Company; and
- (b) if the Company is Listed, the applicable Listing Rules,

without adversely affecting the accrued rights of Participants before any amendments are made.

Notwithstanding the foregoing or anything in the Plan to the contrary, to the extent the Shares or CDIs are not then listed on the ASX, the Board may, without the approval of the shareholders of the Company, reduce the exercise price per share of outstanding Options or cancel outstanding Options (including those that have an exercise price in excess of fair market value) in exchange for cash, CDIs, other awards or Options with an exercise price per share that is less than the exercise price per share of the original Options.

20.2 If the Company is Listed or proposed to be Listed and the provisions of this Plan or the terms of issue of the Options are inconsistent with the Listing Rules, then the Listing Rules prevail to the extent of any inconsistency and the terms of this Plan and the Options will be deemed modified accordingly without further action by the Company, the Board or the holder of the Option being necessary. Notwithstanding anything else in this Plan, the Board may vary this Plan and the terms of granted Options at any time without consent, as necessary to ensure the terms of the Options comply with the law and any applicable Listing Rules..

20.3 Without limiting the generality of rule 20.2, it is a term of each Option that, if the Company is Listed, the rights of the Participant who holds the Option are deemed modified from time to time as necessary to ensure the terms of the Options comply with the Listing Rules generally

and in particular (but without limitation) as those rules apply to reorganisations of capital at the time of any re-organisation of the Company's capital, in each case despite any inconsistent provision in the terms of this Plan.

21. Administration of the Plan

- 21.1 This Plan will be administered by the Board. The Board will have power to:
- (a) delegate to any persons for such period and on such terms as it sees fit, the exercise of any of its powers or discretions under this Plan;
 - (b) determine appropriate procedures for administration of this Plan consistent with these rules, including approving the form and content of forms and notices to be issued under this Plan;
 - (c) make grants of Options under this Plan;
 - (d) construe and interpret the Plan and to establish and amend rules and regulations for its administration and resolve conclusively all questions of fact, construction, interpretation or ambiguity in connection with the terms or operation of this Plan and the terms of Options granted under this Plan; and
 - (e) waive any restrictions on the exercise of outstanding options and approve amendments to outstanding options, provided there is no conflict with the terms of the Plan or applicable law.
- 21.2 If the Company's shares become publicly traded on a U.S. stock market in the future, the Board shall at that time appoint a Plan Administrator.

22. Withholding

The Company shall make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company or any other member of the Group is required by any law or regulation to withhold in connection with any Option including, but not limited to, withholding a portion of the Plan Shares issuable on exercise of an Option, or requiring the Participant to pay to the Company, in cash, an amount sufficient to cover the Company's withholding obligations.

23. Notices

- 23.1 Notices may be given by the Company to Participants in the manner permitted by the Corporations Act for the giving of notices to holders of Shares and the relevant provisions of the Corporations Act apply (with necessary changes) to notices given to Participants.
- 23.2 Service of all documents required by this Plan shall be deemed to be affected if the Company sends the document by registered post to the last address of the Participant known to the Company.

24. Termination of the Plan

This Plan may be terminated at any time by resolution of the Board. Termination of this Plan will be without prejudice to the rights of Participants in respect of Options outstanding at the date of termination.

25. Governing Law

The terms of this Plan are governed by the laws of New South Wales.

United States of America

Stock Option Schedule Where it is the intention that Options granted to Eligible Persons in the United States of America, then such Options shall be granted under the terms of the Plan subject to the varied/ additional terms set out in this Schedule. The varied/ additional terms of the Plan set out in this Schedule shall collectively constitute a separate plan for the purposes of section 422 of the Code.

Both Incentive Stock Options which qualify for favourable tax treatment under section 422 of the Code and options which do not so qualify, may be granted under this Schedule. To the extent that it is intended that Incentive Stock Options be granted and there is any omission or inconsistency between the Plan and/or the Schedule and the requirements of the Code, the requirements of the Code shall apply and prevail. To the extent that there is any inconsistency between the Schedule and rules of the Plan, the Schedule shall prevail and control.

For the purposes of this Schedule, the following varied and additional terms shall apply.

1. DEFINITIONS AND INTERPRETATION

Unless otherwise defined, capitalised terms used in this Schedule shall have the same meaning as defined in the Plan.

Code means the United States Internal Revenue Code of 1986 (as amended).

Eligible Person definition shall have the same definition as set out in the Plan, provided however, that Incentive Stock Options may only be granted to employees of U.S. subsidiaries or affiliates of the Company.

Incentive Stock Option or **ISO** means an Option, granted under this Schedule, to acquire Plan Shares satisfying the requirements of section 422 of the Code, and for this purpose an Option to acquire includes an Option to purchase and an Option to acquire;

2. GRANT OF OPTIONS

- 2.1 A new sub-rule 3.1(a) is inserted for the purposes of this Schedule as follows:
- “The Board shall submit the amended and restated Plan (as varied by this Schedule) to the shareholders for approval within 12 months after the date of its adoption by the Board. ISOs granted to Eligible Persons in the United States prior to such approval are contingent on receipt of such approval, and shall automatically lapse if such approval is not granted within such 12 month period. The Board shall also submit any amendments to the shareholders for approval if required by applicable law or regulation. Each ISO shall be granted within 10 years from the date the Plan is adopted, or the date the Plan is approved by the shareholders, whichever is earlier. An Option may be granted to any employee, director, consultant or advisor of the Company, except that no consultant or advisor shall be granted Options in connection with the offer and sale of securities in a capital raising transaction on behalf of the Company. ISOs may only be granted to employees. No ISO shall be granted to any employee who at the time directly or indirectly owns more than 10 percent of the combined voting power of all classes of shares of the Company or of a parent or subsidiary, unless the Exercise Price is not less than 110 percent of the fair market value of such shares on the date of grant, and unless the option is not exercisable more than five years after the date of grant.

- 2.2 A new sub-rule 7(a) is inserted for the purposes of this Schedule as follows:
“The Exercise Price of each Option as determined by the Board shall be not less than the fair market value of such Share on the date an Option to purchase the same is granted. In making such determination, the Board may rely on market quotations, if available, but if not available, upon independent appraisals of the share or such other information deemed appropriate by the Board in good faith.”
- 2.3 A new sub-rule 7(b) is inserted for the purposes of this Schedule as follows:
No more than US\$100,000 of all ISOs granted to a Participant (based upon the fair market value of the underlying Shares as of the date of grant) can first become exercisable for any Participant in any calendar year. To the extent an Option grant exceeds the US\$100,000 limitation, it shall constitute a non-qualified Option. Each Option certificate with a Participant shall specify the extent to which it is an ISO and/or non-qualified Option. For purposes of applying the US\$100,000 limitation, Options granted under this Plan and all other incentive share option plans of the Group shall be included. The foregoing shall be applied by taking Options into account in the order in which they were granted.
- 2.4 A new sub-rule 8.1(a) is inserted for the purposes of this Schedule as follows:
“The period within which an Option must be exercised shall be ten years from date of grant, or such shorter period as provided elsewhere in the Plan. An Option is not exercisable after the expiration of ten years from the date such Option is granted. The Board may provide that an Option will vest and become exercisable only upon the completion of specified periods of employment, or the attainment of other performance goals. To the extent exercisable, an Option may be exercised in whole or in part.
- 2.5 Rule 10.2 is varied by removing the text “The Company is not obliged to issue Plan Shares unless it has received cleared funds on account of the Exercise Price of the relevant Options.” and a new sub-rule 10.2(a) is inserted for the purposes of this Schedule as follows:
“The full Exercise Price shall be paid in cash, by electronic funds transfer, cheque, or in the form of shares in the capital of the Company with a value equal to the Exercise Price and free and clear of all liens and encumbrances.”
- 2.6 The text in rule 11 which permits a transfer of Options with the agreement of the Board shall not apply with respect to ISOs. A new sub-rule 11.1(a) is inserted for the purpose of this Schedule as follows:
“An ISO is not transferable by a Participant otherwise than by will or the laws of descent and distribution, and is exercisable, during the Participant’s lifetime, only by the Participant. Additionally, any discretion that the Board may under the Plan to authorise the transfer of a ISOs, for example under rule 16, shall not apply with respect to ISOs granted under this Schedule.”
- 2.7 Rule 14.2 shall not apply to Options granted to Eligible Persons in the United States of America. In addition, a new sub-rule 14.7 is inserted for purposes of this Schedule as follows:
“Unless otherwise determined by the Board, no adjustment or action described in Rule 14 or in any other provision of the Plan shall be authorized to the extent it would (a) cause the Plan or any Option to violate Section 422(b)(1) of the Code, or (b) cause an Award to fail to be exempt from or comply with Section 409A of the Code.”

3. SCHEDULE LIMITS

- 3.1 A new sub-rule 4(a) is added for the purposes of this Schedule as follows:-
"Subject to any adjustment made under rule 14, no ISOs shall be granted under the Plan which would at the time they are granted, cause the number of Shares in the Company which shall have or may be acquired upon exercise of an Option granted under this Schedule to exceed 10,000,000 shares in the Company (which number does not give effect to the reverse stock split to be implemented by the Company in connection with its initial public offering on the ASX). If any Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares covered thereby shall become available for additional Options which may be issued to persons eligible under the Plan so long as it remains in effect. Shares reserved for issue as provided herein shall cease to be reserved upon termination of the Plan.

4. GENERAL

- 4.1 During any period in which the offering of the Plan Shares are not registered under federal and state securities laws, Participant agree as a condition of grant of the Option that they are acquiring Plan Shares under the Plan for investment purposes, and not for resale, and that the Plan Shares cannot be resold or otherwise transferred except pursuant to registration or unless, in the opinion of counsel for the Company, registration is not required. Plan Shares shall also be subject to restrictions on transfer contained in any agreement between the optionee and the Company or any Shareholders Agreement.
- 4.2 Any restrictions upon Plan Shares acquired upon exercise of an Option pursuant to the Plan shall be binding upon the Participant, and his or her heirs, executors, and administrators. Any share certificate issued under the Plan which is subject to restrictions shall be endorsed so as to refer to the restrictions on transfer imposed by the Plan and by applicable agreements and securities laws.