

**AMMTEC LIMITED  
ABN 23 063 332 516**

**TERMS & CONDITIONS OF THE  
EMPLOYEE SHARE OPTION PLAN (ESOP)**

*Approved and adopted at the Annual General Meeting held 16 October 2008.*

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**1. INTRODUCTION**

**1.1 Name of the Plan**

This Plan is called the “AMMTEC Employee Share Option Plan” (ESOP).

**1.2 Object of the Plan**

The object of the Plan is to:

- (a) encourage Eligible Employees to have a personal interest in the future growth and development of AMMTEC;
- (b) encourage Eligible Employees to improve the performance of AMMTEC and its total return to Shareholders;
- (c) provide Eligible Employees with an opportunity to share in the growth in value of the Shares; and
- (d) provide a means of attracting and retaining skilled and experienced employees by inviting participation in the Plan.

**1.3 Commencement of the Plan**

The Plan will commence upon Shareholder approval of these Terms & Conditions.

**2. DEFINITIONS AND INTERPRETATIONS**

**2.1 Definitions**

In these Terms & Conditions unless the context otherwise requires:

“**Administrator**” means any person engaged by the Board to carry out the day-to-day administration of the Plan as contemplated by Clause 9.2(f).

“**AMMTEC**” or “**Company**” means AMMTEC Limited (ABN 23 063 332 516).

“**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;
- (d) any practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or other guidance note made to clarify or expand (a), (b) or (c) above;
- (e) any other legal requirement that applies or may apply to the Plan.

“**Application Form**” means a form which may need to be completed, signed and returned to a nominated address by an Eligible Employee.

“**ASTC Settlement Rules**” means the operating rules of ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

“**ASX**” means ASX Limited (ABN 98 008 624 691) or the market conducted by it.

“**Board**” means collectively the AMMTEC Limited Board or any committee of the board or person to whom any authority has been delegated under Clause 9.2(d).

“**Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Western Australia, Australia.

“**Constitution**” means the AMMTEC Limited (ABN 23 063 332 516).

“**Corporations Act**” means the Corporations Act 2001 (Cth).

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**“Date of Registration”** means with respect to an Option or a Share (as the case may be) the date that the Participant acquires an interest.

**“Eligible Employee”** means an Employee whom the Board decides in its absolute discretion is eligible to be invited to acquire Options in the Plan from time to time and who is not prohibited from participating in the Plan by virtue of an Applicable Law.

**“Exercise Condition”** means, in relation to an Option, a condition which must be satisfied or waived before that Option may be exercised.

**“Exercise Period”** means, in relation to an Option, the period in which an Option can be exercised.

**“Exercise Price”** means, in relation to an Option, any amount payable on exercise of that Option, which may be adjusted in accordance with Clause 8.

**“Expiry Date”** means, in relation to an Option, the day an unexercised Option lapses.

**“Grant Date”** means, in relation to an Option, that date on which that Option is granted to a Participant.

**“Group”** means AMMTEC and its Related Bodies Corporate.

**“Legal Personal Representative”** means:

- (a) the executor of the will or an administrator of the estate of a deceased person;
- (b) the trustee of the estate of a person under a legal disability; or
- (c) any beneficiary of the estate of the deceased person as nominated by the executor, administrator or trustee.

**“Listing Rules”** means the official listing rules of the ASX.

**“Managing Director”** means the person appointed as the Managing Director of AMMTEC.

**“Option”** means an option issued under the Plan to acquire Shares.

**“Participant”** means an Eligible Employee who acquires an Option under this Plan and includes the Legal Personal Representative of the person.

**“Permanent Disability”** means, in relation to a Participant, the inability, by reason of physical condition, mental illness or accident, of the Participant to perform substantially all of the duties of the position in which the Participant has been employed or appointed (as determined by the Board).

**“Plan”** means the AMMTEC Employee Share Option Plan established and operated in accordance with these Terms and Conditions (and for the avoidance of doubt, also in accordance with any additional Terms & Conditions made pursuant to Clause 9.2(a) and any Rules made pursuant to Clause 13).

**“Qualifying Reason”** means, in relation to a Participant, the cessation of employment of the Participant with AMMTEC due to his or her death, attainment of such age of retirement, Permanent Disability or any other reason determined by the Board from time to time.

**“Related Bodies Corporate”** has the meaning given to it in the Corporations Act.

**“Rules”** means the rules made by the Board pursuant to Clause 13.

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

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“**Share**” means an ordinary fully paid share in the capital of AMMTEC.

“**Shareholder**” means a shareholder of AMMTEC Limited.

“**Tax**” includes any tax (whether direct or indirect), levy, impost, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with 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.

“**Terms & Conditions**” means these terms and conditions governing the Plan as amended from time to time, and for the avoidance of doubt, includes any additional Terms and Conditions made pursuant to Clause 9.2(a) and Rules made pursuant to Clause 13.

“**Third Party Right**” means:

- (a) any third party interest, including a mortgage, charge, assignment by way of security, lien, pledge, hypothecation, title retention arrangement, preferential right or a trust arrangement;
- (b) any arrangement having a commercial effect equivalent to anything in (a); and
- (c) any agreement to create an interest described in (a) or an arrangement described in (b).

“**Vested Option**” means an Option in respect of which Exercise Conditions have been satisfied or waived (as the case may be).

## **2.2 Interpretation**

In these Terms & Conditions unless the contrary intention appears:

- (a) the term “acquired” in relation to Shares, and grammatical variations of that terms, where used in these Terms & Conditions, refer to Shares being transferred or allotted, as the case may be;
- (b) the singular includes the plural and vice versa;
- (c) reference to a person includes the legal representative of that person and also bodies corporate, unincorporated associations and other legal entities recognised by law;
- (d) a reference to any legislation or to a provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (e) headings are for convenience only and do not affect the interpretation of these Terms & Conditions;
- (f) the expressions “including”, “such as” and similar words or expressions are not words or expressions of limitation;
- (g) where any word or phrase is defined in these Terms & Conditions, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (h) where the Terms & Conditions require or envisage that something will occur or be done on a certain day and that day is not a Business Day, that thing may occur or be done on the next Business Day;
- (i) a reference to a Clause is a reference to a Clause of these Terms & Conditions; and
- (j) any number of Options or Shares that is calculated by virtue of the operation of these Terms and Conditions is to be rounded down to the nearest whole number.

## **2.3 Headings**

Headings in this document are for convenience only and do not affect its meaning.

## **2.4 Omission of certain provisions**

If (but for this Clause) a provision of this document would be illegal, void or unenforceable or contravene the law, this document is to be interpreted as if the provision was omitted.

### **3. OPERATION OF THE PLAN**

#### **3.1 Invitation to participate**

Subject to these Terms & Conditions, the Board may from time to time invite an Eligible Employee to acquire Options, as part of the Eligible Employee's remuneration.

#### **3.2 Form of invitation**

An invitation made under Clause 3.1 shall be in such form and content and subject to such Terms & Conditions and Rules as the Board determines, including, if applicable:

- (a) either:
  - (i) the number of Options to which the invitation relates; and/or
  - (ii) the basis on which the number of Options to which the invitation relates is to be determined;
- (b) either:
  - (i) the Grant Date; and/or
  - (ii) the basis on which the Grant Date is to be determined;
- (c) either:
  - (i) the Exercise Price payable by a Participant (if any) to exercise Vested Options and/or
  - (ii) the basis on which the Exercise Price payable by a Participant (if any) to exercise Vested Options is to be determined;
- (d) the Exercise Conditions (if any);
- (e) the Exercise Period(s);
- (f) the manner in which Options may be exercised;
- (g) instances when an Option will lapse which are in addition to these set out in Clause 7; and
- (h) the Expiry Date.

#### **3.3 Offer**

An Eligible Employee shall make an offer to participate in the Plan in the manner specified in the invitation made under Clause 3.1, which may include completion of an Application Form.

#### **3.4 Acceptance**

On receipt of an Offer for Options, the Company may in its absolute and unfettered discretion, grant Options to the Eligible Employee, subject to these Terms and Conditions.

#### **3.5 Binding nature of these Terms & Conditions**

The Plan shall operate in accordance with these Terms & Conditions, which binds AMMTEC and each Participant.

#### **3.6 Options subject to the Plan**

Generally, Options will be subject to these Terms & Conditions until the earlier of:

- (a) Options being exercised in accordance with Clause 6; or
- (b) Options lapsing in accordance with Clause 7.

#### **3.7 Issue or On-Market Acquisition of Shares**

Any Share to be acquired by a Participant under the Plan (upon exercise of Vested Options) may be delivered to a Participant by, at the absolute discretion of the Board, the issue, transfer or purchase of Shares on behalf of the Participant.

### **3.8 Ranking of Shares**

Shares delivered under the Plan (upon exercise of Vested Options) will rank equally with all existing Shares on and from the Date of Registration in respect of all Shareholder entitlements (including rights issues, bonus issues and dividends) which have a record date for determining entitlements on or after the date of issue of those Shares.

### **3.9 Quotation of Shares**

Where Shares acquired under the Plan (upon exercise of Vested Options) are not yet quoted on the official list of ASX, AMMTEC must apply for quotation of those Shares on the official list of ASX as soon as practicable after the acquisition of those Shares, so long as Shares are quoted on the official list of ASX at that time.

AMMTEC will not seek official quotation by ASX of any Options.

## **4. LIMITATIONS ON OFFERS OF OPTIONS**

### **4.1 Overriding Restrictions**

Notwithstanding anything else in these Terms & Conditions, the Plan must be operated in accordance with the Constitution, any Applicable Law, the Listing Rules or the ATSC Operating Rules.

### **4.2 No assignment**

Unless the Board determines otherwise, a Participant must not assign to any other person any of their legal or equitable rights to Options or Shares held under the Plan, except a Participant's Legal Personal Representative to be delivered Shares upon exercise of Vested Options.

### **4.3 Security Interests over Options**

Participants must not grant any Security Interest over or otherwise deal with any Option whilst the Option remains in the Plan.

### **4.4 Effect of lapse**

On an Option lapsing, all rights of a Participant under the Plan in respect of the Option cease and no consideration or compensation will be payable for or in relation to that lapse.

## **5. HOLDING STATEMENT**

As soon as practicable after the delivery of Options or Shares (as the case maybe), AMMTEC must forward to the Participant a holding statement (which may be delivered electronically) which will include all relevant information in relation to the offer of Options or Shares and any information required by any Applicable Law.

## **6. EXERCISE OF VESTED OPTIONS**

Vested Options must be exercised in the manner, during the Exercise Period(s) and for the Exercise Price(s) set out in the invitation made under Clause 3.1, or as otherwise determined by the Board from time to time.

## **7. LAPSE OF OPTIONS**

### **7.1 Option not exercised**

Options not exercised on or before the Expiry Date will automatically lapse.

## **7.2 Eligible Person ceases to be Eligible Person**

If at any time prior to the Expiry Date of any Options, an Eligible Person ceases to be an Eligible Person for any reason other than a Qualifying Reason, all Options held by such Eligible Person will, to the extent that they have not been exercised beforehand, automatically lapse on the first to occur of:

- (a) the expiry of the period one calendar month from the date of such occurrence; and
- (b) the Expiry Date,

unless otherwise determined by the Board from time to time.

## **7.3 Deceased Participant**

If at any time prior to the Expiry Date of any Options a Participant dies, the deceased Participant's Legal Personal Representative may:

- (a) elect to be registered as the new holder of the deceased holder's Options;
- (b) whether or not he becomes so registered, exercise any Vested Options as if he were the holder of them in accordance with these Rules; and
- (c) if the deceased Participant had already given the Company a notice of exercise of his Options, pay the Exercise Price in respect of those Vested Options.

## **8 ADJUSTMENT OF OPTIONS**

### **8.1 Bonus issue**

If AMMTEC makes a bonus issue of Shares pro rata to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the bonus issue, then the number of Shares over which the Option is exercisable will be increased by the number of Shares which the Participant would have received if the Option had been exercised before the record date for the bonus issue.

### **8.2 Pro rata**

If there is a pro rata issue (other than a bonus issue in which case Clause 8.1 applies) to the holder of Shares, the Exercise Price of an Option will be reduced according to the following formula:

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

A = the new exercise price of the Option

O = the old exercise price of the Option

E = the number of Shares into which one Option is exercisable

P = the average closing sale price per Share (weighted by reference to volume) recorded on the ASX during the five trading days immediately preceding the ex-date.

S = the subscription price for a Share under the pro rata issue

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue)

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

### **8.3 Reorganisation of capital**

If there is any reorganisation, including any subdivision, consolidation, reduction or return of the issued capital of AMMTEC, the number of Options to which each Participant is entitled and/or the Exercise Price (if any), will be adjusted in the way specified by the Listing Rules from time to time.

#### **8.4 Limited right to participate in new issues**

Subject to the preceding Clauses, during the currency of a Participant's Option and before that Option is exercised, the Participant is not entitled to participate in any new issue of Shares of AMMTEC as a result of holding the Option.

#### **8.5 Accumulation of adjustments**

In accordance with the Listing Rules, AMMTEC must give notice to each Participant of any adjustment to the number of Shares for which the Participant is entitled to subscribe (through the exercise of Vested Options) or to the Exercise Price pursuant to the provisions of Clauses 8.1, 8.2 or 8.3.

#### **8.6 Takeovers and Compromise Arrangements**

If:

- (a) a takeover bid (as defined in the Corporations Act) is made to acquire some or all of the Shares; or
- (b) under Part 5.1 of the Corporations Act, the Court sanctions a compromise or arrangement proposed for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate,

which:

- (c) in the case of Clause (a), has resulted in one person becoming, directly or indirectly, legally or beneficially entitled to 50% or more of the Shares; or
- (d) in the case of Clause (b), if implemented, would result in one person becoming, directly or indirectly, legally or beneficially entitled to 50% or more of the Shares,

then the Participant can exercise his Options in accordance with Clause 6, regardless of whether or not it is a Vested Option.

### **9. ADMINISTRATION OF THE PLAN**

#### **9.1 Amendment**

Subject to Clauses 4.1 and 9.2(a), these Terms & Conditions may be amended at any time and from time to time by the Board.

#### **9.2 Powers of the Board**

Subject to Clause 4.1, the Plan will be managed by the Board, which will have power to:

- (a) make and amend existing and/or additional Terms & Conditions and/or procedures for the operation, control and administration of the Plan and any matter incidental to the Plan;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) determine matters falling for determination in connection with the Plan;
- (d) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its functions, powers or discretions arising under the Plan;
- (e) establish a trust to acquire, hold and deliver Shares to be transferred upon exercise of Options under the Plan, the establishment of a trust to be governed by a separate trust deed; and
- (f) appoint (and remove) an Administrator to administer the Plan and determine the terms and conditions of the Administrator's appointment (and removal), the appointment (and removal) of an Administrator to be governed by a separate agreement.

### **9.3 Discretion**

A determination, decision, approval or opinion of the Board under these Terms & Conditions (or any additional Terms & Conditions made under Clause 9.2(a) or Rules made under Clause 13) will be in the absolute unfettered discretion of the Board.

### **9.4 Decision Final**

In the absence of manifest error, the determination, decision, approval or opinion of the Board will be final. Any calculations or adjustments which are required to be made under the Plan will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Participants.

### **9.5 Termination or suspension of Plan**

The Board may, by notice in writing to all Participants, terminate or suspend the operation of the Plan at any time provided that termination or suspension does not affect or prejudice the existing rights of Participants at that time.

## **10. EMPLOYMENT RIGHTS**

### **10.1 Discretion of the Board**

It is a condition of these Terms & Conditions that the Plan may be terminated or suspended at any time at the discretion of the Board and that no compensation under any employment contract will arise as a result.

### **10.2 No right to acquire Shares or Options**

Participation in the Plan does not confer on any Eligible Employee any right to acquire Shares or Options under the Plan, apart from those rights to receive Shares delivered upon exercise of Vested Options.

### **10.3 Calculation of employee benefits**

The value of Options granted under the Plan do not increase a Participant's income for the purpose of calculating any employee benefits.

### **10.4 No right to future employment**

Participation in the Plan does not confer on any Participant any right to continue as an employee of the Group.

### **10.5 Termination of employment**

Participation in the Plan does not affect any rights which the Group may have to terminate the employment of any Participant. Nothing in the Terms & Conditions, including participation in the Plan, may be used to increase damages in any action brought against the Group in respect of any termination of employment with the Group.

### **10.6 Shareholder entitlements**

Nothing in these Terms & Conditions confers on any Participant the right to receive any Shareholder entitlement (including any dividends whether or not declared) before an Option is exercised and Shares are delivered.

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**11. NOTICES**

**11.1 Notice to Participants**

Any notice or direction given under these Terms & Conditions is validly given to a Participant if it is handed to the Participant concerned or sent by ordinary prepaid post to the Participant's last known address or sent to the email address last notified by the Participant or given in any reasonable manner which the Board from time to time determines.

**11.2 Notice to AMMTEC**

Any notice given by a Participant to AMMTEC under these Terms & Conditions must be in writing and directed to:

Sharyn Long  
Company Secretary  
AMMTEC Limited  
6 MacAdam Place  
Balcatta WA 6021  
Australia  
Facsimile: (61 8) 9345 4688  
or an applicable email address notified at the time of offer of Options,

and hand delivered or sent by prepaid post, facsimile or electronic mail to that address.

**11.3 Receipt of notices**

Notices are taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, five Business Days after the date of posting;
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice, unless the sender is informed within three Business Days that it has not received the entire notice; or
- (d) if by electronic mail, when the electronic communication enters the relevant information system(s).

**12. PLAN COSTS AND EXPENSES**

**12.1 Costs of AMMTEC**

Subject to Clauses 12.2 and 12.3 unless otherwise determined by the Board, AMMTEC must pay all costs relating to the establishment and operation of the Plan, including all costs and expenses in relation to the delivery of the Options and/or Shares except that AMMTEC is not responsible for:

- (a) the payment of any Exercise Prices upon the exercise of Vested Options;
- (b) any Taxes which may become payable in connection with the Options or Shares (as the case may be); or
- (c) any other dealing with the Vested Options or Shares (as the case may be).

**12.2 Costs of Participants**

Each Participant will pay all costs and expenses in relation to the sale, transfer or other disposal of any Share acquired upon the exercise of a Vested Option.

**12.3 Financial assistance**

Subject to the Corporations Act, AMMTEC may (but is not obliged to) financially assist a person to acquire Shares delivered upon the exercise of Vested Options under the Plan.

**13. RULES**

The Board may make and amend Rules for the operation of the Plan, not inconsistent with these Terms & Conditions.

**14. GOVERNING LAW AND JURISDICTION**

The laws of the State of Western Australia, Australia, govern these Terms & Conditions and the rights of the Participants thereunder.

Each Participant irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of the State of Western Australia, Australia and courts entitled to hear appeals from those courts.