

SEDGMAN LIMITED

Long Term Incentive Share Plan Rules

Prepared by:



Sedgman Limited
PO Box 1801, Milton BC Qld 4064
Level 2, 2 Gardner Close, Milton Qld 4064

Ph: 61-7-3514 1000
Fax: 61-7-3514 1999
Email: mail@sedgman.com.au

1.0	INVITATION TO PARTICIPATE IN THE PLAN	3
2.0	REQUIREMENTS FOR AN APPLICANT TO PARTICIPATE	3
3.0	RIGHTS OF PARTICIPANTS	4
4.0	NATURE OF PERFORMANCE RIGHTS	4
5.0	VESTING OF PERFORMANCE RIGHTS	6
6.0	CHANGE IN CONTROL	6
7.0	LAPSE OF PERFORMANCE RIGHTS	6
8.0	DEALINGS IN PERFORMANCE RIGHTS	8
9.0	ISSUE OF SHARES UPON VESTING OF PERFORMANCE RIGHTS	8
10.0	DEALINGS IN SHARES ISSUED UNDER THE PLAN	9
11.0	OVERRIDING RESTRICTIONS ON ISSUE OF PERFORMANCE RIGHTS AND SHARES	9
12.0	COMMENCEMENT, SUSPENSION AND TERMINATION OF THE PLAN	9
13.0	ADMINISTRATION OF THE PLAN	10
14.0	AMENDMENT	11
15.0	COSTS AND EXPENSES	12
16.0	GOVERNING LAW	12
17.0	SEVERANCE	12
18.0	INTERPRETATION AND DEFINITIONS	12



1.0 INVITATION TO PARTICIPATE IN THE PLAN

- 1.1 The Board may, subject to any approvals of shareholders of the Company required by law or the Listing Rules, at intervals determined by the Board, invite Eligible Participants to apply for Performance Rights on the terms of the Plan Rules.
- 1.2 An invitation to an Eligible Participant must be in writing and must specify:
- (a) the maximum number of Performance Rights that are the subject of the invitation;
 - (b) the Performance Conditions;
 - (c) the period or periods during which Performance Rights may vest; and
 - (d) any other terms and conditions as the Board decides from time to time, which are not inconsistent with the Plan Rules.
- 1.3 An invitation to participate in the Plan must, if an invitation to participate in the Plan has not previously been extended to the Eligible Participant, or if the terms of the Plan have changed since the date of the last invitation to the Eligible Participant, be accompanied by a copy of the Plan Rules.

2.0 REQUIREMENTS FOR AN APPLICANT TO PARTICIPATE

- 2.1 To obtain Performance Rights under the Plan an Eligible Participant who has received an invitation under clause 1.1 must apply in the manner specified in that invitation and in accordance with the Plan Rules.
- 2.2 By applying for Performance Rights an Eligible Participant agrees to be bound by the Constitution and the Plan Rules.
- 2.3 An application for Performance Rights must:
- (a) be in writing and signed by the applicant;
 - (b) include a confirmation that the applicant agrees to be bound by the Constitution and the Plan; and
 - (c) be in such form as may be determined by the Board from time to time.
- 2.4 Subject to clauses 2.5 and 11.0, where an Eligible Participant applies for Performance Rights under clause 2.1, the Company:



(a) must grant the Performance Rights to the Eligible Participant (who becomes, on the grant of those Performance Rights, a Participant); and

(b) may give the Participant a certificate or statement in respect of those Performance Rights.

2.5 The Board may determine that an application under clause 2.1 by an Eligible Participant who would otherwise be eligible to acquire Performance Rights under the Plan will not be accepted.

3.0 RIGHTS OF PARTICIPANTS

Except as expressly provided to the contrary, nothing in the Plan:

(a) confers on any person any right or expectation to become a Participant;

(b) confers on any Eligible Participant the right to be invited to apply for, to be offered or to receive any Performance Rights;

(c) confers on any Participant the right to continue to be employed or engaged by the Company or any Related Body Corporate;

(d) affects any rights that the Company or any Related Body Corporate may have to terminate the employment or engagement of any person; or

(e) may be used to increase damages in any action brought against the Company or any Related Body Corporate in respect of any such termination.

4.0 NATURE OF PERFORMANCE RIGHTS

4.1 Subject to the other terms of the Plan, each Performance Right is a right to acquire one Share (whether by way of issue or transfer, at the Company's election). No consideration is payable for the acquisition of a Share on vesting of a Performance Right. A Participant does not have a legal or beneficial interest in any Shares by virtue of acquiring or holding a Performance Right.

4.2 A Participant's rights in respect of a Performance Right are purely contractual and personal and a Performance Right does not confer:



- (a) any entitlement to attend or vote at meetings of the Company;
- (b) any entitlement to share in dividends declared or paid by the Company; or
- (c) any entitlement to participate in any return of capital by the Company.

4.3 A Performance Right does not entitle a Participant to participate in new issues of securities to holders of Shares, unless:

- (a) the Performance Right has vested; and
- (b) a Share has been issued, transferred to, or transferred for the benefit of the Participant in respect of that Performance Right,

before the Record Date for determining entitlements to securities under the new issue.

4.4 If there is any reconstruction of the issued share capital of the Company, the number of Shares to which a Participant is entitled on the vesting of a Performance Right will be reconstructed as required by the Listing Rules in force at the time of the reconstruction and in a manner that will not result in any benefits being conferred on the Participant that are not conferred on shareholders (subject to the provisions with respect to rounding of entitlements as sanctioned by any meeting of shareholders approving the reconstruction of capital), but in all other respects the terms of the Performance Right will remain unchanged.

4.5 If any other change in the share capital of the Company occurs, the terms of Performance Rights will not be altered.

4.6 Before Shares are issued on the vesting of a Performance Right, all adjustment calculations are to be carried out inclusive of all fractions (in relation to the Shares). On the vesting of Performance Rights, the aggregate number of Shares acquired by or on behalf of that person as a result of that vesting will be rounded down to the nearest whole number.

4.7 Performance Rights will not be quoted on ASX.



5.0 VESTING OF PERFORMANCE RIGHTS

A Performance Right granted under the Plan will vest if:

- (a) all applicable Performance Conditions relating to the Performance Right have been satisfied and any other relevant terms and conditions contained in the invitation from the Board under clause 1.1 have been satisfied;
- (b) the Board makes a declaration under clause 6.0; or
- (c) the Performance Right has otherwise vested under the Plan, and the Board gives the Participant who holds the Performance Right written notice that the Performance Right has vested.

6.0 CHANGE IN CONTROL

6.1 If, in the opinion of the Board, a Vesting Event has occurred, or is likely to occur, the Board may declare (with or without conditions):

- (a) any or a portion of a Participant's Performance Rights be released of any Performance Conditions or other conditions of vesting and that those Performance Rights have vested; and
- (b) any Performance Right to be free of any restriction on Transfer, and, in such an event, the Board must notify Participants in writing of its declaration.

6.2 In exercising its powers under clause 6.1, the Board:

- (a) shall have absolute discretion in determining if, and the timing of when, a Vesting Event has occurred, or is likely to occur; and
- (b) is not required to treat Participants in the same way.

7.0 LAPSE OF PERFORMANCE RIGHTS

7.1 A Performance Right will lapse and will be incapable of vesting and a Participant will have no further right or interest in the Performance Right:

- (a) if a Performance Condition is not satisfied within a prescribed Performance Period;
 - (b) if the Performance Right lapses pursuant to clause 7.2 to 7.5; or
 - (c) on the seventh anniversary of the date of grant of the Performance Right
- whichever occurs first.



- 7.2 If a Participant ceases to be an Eligible Participant for any reason other than one set out in clause 7.3 or ceases to satisfy any other relevant conditions imposed by the Board at the time of grant, all Performance Rights held by or on behalf of the Participant will lapse, unless the Board determines otherwise.
- 7.3 Unless subject to a specific agreement with the Board, where a Participant ceases to be an Eligible Participant by reason of the Participant's death, disability, retirement, bona fide redundancy or other reason with the approval of the Board, the Board may determine that any Performance Rights held by the Participant will:
- (a) continue to be subject to the Plan, notwithstanding that the Participant has ceased to be an Eligible Participant;
 - (b) subject to the Listing Rules, continue to be subject to the Plan on such conditions as the Board in its absolute discretion determines; or
 - (c) lapse and be incapable of vesting.

If no determination is made by the Board within three months of the date that the Participant ceases to be an Eligible Participant all Performance Rights held by the Participant will lapse.

- 7.4 For the purposes of the Plan Rules, a Participant will not be treated as ceasing to be an employee of the Company or a Related Body Corporate until such time as the Participant is no longer an employee of the Company or any Related Body Corporate. At the discretion of the Board, a Participant who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation before the vesting of a Performance Right under the Plan will be treated for the purposes of the Plan as not having ceased to be such an employee.
- 7.5 Where, in the opinion of the Board, a Participant:
- (a) acts fraudulently or dishonestly; or
 - (b) is in breach of his or her obligations to the Company or any Related Body Corporate,
the Board may do any one or more of the following:
 - (c) deem that any Performance Rights of the Participant have lapsed;
 - (d) deem all or any Shares issued or transferred to or for the benefit of the Participant under clause 9.1 to be forfeited, in which event:
 - i. the Participant is deemed to have appointed any officer of the Company as his or her agent and attorney to sell the Shares on market and to execute all such



documents on behalf of the Participant as are necessary or desirable to give effect to the sale; or

- ii. if the Shares are held on trust by the Trustee, the Shares will be treated as general trust property for the purposes of the Trust Deed, unless the Board determines the Shares should be treated as if clause 7.5(d)i applies; and
- (e) where any Shares issued or transferred to or for the benefit of the Participant under clause 9.1 have been sold by or on behalf of the relevant Participant, require the Participant to pay all or part of the net proceeds of that sale to the Company or its nominee, which sum will be a debt owing to the Company by the Participant until paid in full.

8.0 DEALINGS IN PERFORMANCE RIGHTS

- 8.1 Performance Rights are personal to the Participant and may not be Transferred except with the prior written consent of the Board.
- 8.2 A Transfer in accordance with clause 8.1 may only be made to a transferee who agrees with the Company to be bound by the Plan.
- 8.3 A Performance Right purportedly Transferred in contravention of clause 8.1 will lapse, unless the Board determines otherwise.

9.0 ISSUE OF SHARES UPON VESTING OF PERFORMANCE RIGHTS

- 9.1 Subject to clauses 4.0 and 11.0, where a Performance Right has vested in accordance with clause 5.0 the Company must, at its election and as soon as is reasonably practicable, either issue or procure the transfer of a Share to or for the benefit of the Participant or his or her personal representative (as the case may be).
- 9.2 Shares issued or transferred under clause 9.1 will rank equally in all respects with other Shares then on issue except in respect of any rights attaching to Shares that are referable to a Record Date that is prior to the date of allotment of the Shares issued or transferred under clause 9.1.
- 9.3 The Company will apply for quotation of Shares issued under clause 9.1 within the period required by ASX.



10.0 DEALINGS IN SHARES ISSUED UNDER THE PLAN

Shares issued under the Plan will not be subject to any restrictions on Transfer, but Participants must comply with the Company's Code of Conduct for Securities Transactions, as amended from time to time in respect of any Shares (including any Shares issued under the Plan) held by them.

11.0 OVERRIDING RESTRICTIONS ON ISSUE OF PERFORMANCE RIGHTS AND SHARES

Notwithstanding any other term of the Plan or the terms and conditions of any particular Performance Right that has been granted, a Performance Right may not be granted and a Performance Right that has been granted will not vest, and Shares must not be issued or transferred on the vesting of a Performance Right, if to do so:

- (a) would contravene the Corporations Act or the Listing Rules;
- (b) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body in, a Participant's country of residence, or

in the opinion of the Board, compliance with the Corporations Act or the Listing Rules or those local laws, rules or requirements would be impractical or result in any unnecessary or unreasonable burden on or expense to the Company.

12.0 COMMENCEMENT, SUSPENSION AND TERMINATION OF THE PLAN

- 12.1 The Plan takes effect from the date the Board resolves to adopt the Plan or such other date as may be specified by the Board in that resolution.
- 12.2 The Plan, or a Participant's involvement in the Plan, may be suspended at any time by a resolution of the Board. The period of suspension is at the discretion of the Board. A suspension of the Plan takes effect on the date determined by the Board and must be notified to Participants.
- 12.3 The Board may terminate the operation of the Plan at any time by resolution of the Board.
- 12.4 The suspension or termination of the Plan will not prejudice the existing rights of Participants. The Board must continue to administer the Plan during the period of any suspension and after the Plan has been terminated until all Performance Rights have either vested, lapsed or are no longer capable of vesting.



13.0 ADMINISTRATION OF THE PLAN

13.1 The Plan will be administered by the Board in accordance with the provisions of the Plan. The Board may:

- (a) delegate to any person (including without limitation, a general manager of the Company) for the period and on the terms it decides, the exercise of any of its powers or discretions under the Plan;
- (b) make such regulations and establish such procedures for administering the Plan as it considers appropriate, including the form of application and other forms and notices to be issued under the Plan;
- (c) resolve conclusively all questions of fact or interpretation concerning the Plan and these Plan Rules and any dispute of any kind that arises under the Plan, including as to the interpretation of the Plan or any restrictions or other conditions relating to any Shares issued under the Plan;
- (d) engage specialist service providers for the operation and maintenance of the Plan;
- (e) ensure a complete register of Participants is maintained to facilitate efficient management and administration of the Plan and to comply with regulatory reporting requirements; and
- (f) waive, with or without conditions, any breach of a provision of the Plan.

13.2 The Company or an Related Body Corporate or the Board may, subject to any express provision of the Plan or the Corporations Act to the contrary:

- (a) do any act, matter or thing or make any decision, determination or resolution; or
- (b) conditionally or unconditionally give or withhold any consent or approval,

as contemplated by the Plan Rules in its absolute uncontrolled and unexaminable discretion and is not obliged to give reasons for so doing.

13.3 A decision of the Board as to the interpretation, effect or application of these Plan Rules will be final and conclusive.

13.4 Notices may be given by the Company to the Participant in the manner prescribed by the Constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to Participants.



14.0 AMENDMENT

- 14.1 Subject to clauses 14.2 and 14.3, the Company may at any time by written instrument or by resolution of the Board, and without the necessity of obtaining the prior or subsequent consent of the Participants or members of the Company in general meeting:
- (a) amend, revoke, add to or vary all or any of the provisions of the Plan Rules (including this clause 14.0); or
 - (b) formulate (and subsequently amend) various sets of special terms, in addition to those set out in the Plan, to apply to persons employed, resident in or who are citizens of countries other than Australia. Each set of special terms are to be restricted in their application to those persons employed, resident in or who are citizens of the foreign country or countries specified by the Board, and may be revoked, added to or varied under clauses 14.1(a) and 14.2.
- 14.2 No amendment of the provisions of the Plan Rules is to materially adversely affect the rights of the Participant in respect of Performance Rights granted under the Plan prior to the date of the amendment, other than an amendment introduced primarily:
- (a) for the purpose of complying with, or conforming to, present or future State, Territory or Commonwealth legal requirements governing or regulating the maintenance or operation of the Plan or like plans;
 - (b) to correct any manifest error or mistake;
 - (c) to address possible adverse tax implications for Participants generally or the Company or any Related Body Corporate arising from:
 - i. a ruling of any relevant taxation authority;
 - ii. a change to tax law (including an official announcement by any relevant taxation authority); or
 - iii. a change in interpretation of tax law by a court of competent jurisdiction or by any relevant taxation authority; or
 - (d) to enable the Company or any Related Body Corporate to comply with the Corporations Act or the Listing Rules.
- 14.3 No amendment may be made except in accordance with, and in the manner stipulated (if any) by, the Listing Rules.
- 14.4 Subject to the preceding provisions of this clause 14, any amendment made pursuant to this clause 14 may be given such retrospective effect as is specified in the written instrument or resolution by which



the amendment is made and, if so stated, amendments to the Plan Rules, including the terms of Performance Rights, have the effect of automatically amending the terms of any unvested Performance Rights.

15.0 COSTS AND EXPENSES

The costs and expenses of establishing, managing and administering the Plan are to be borne by the Company.

16.0 GOVERNING LAW

The Plan will in all respects be governed by and will be construed in accordance with the laws of Queensland.

17.0 SEVERANCE

If any clause of these terms and conditions of the Plan is void, voidable by any party or illegal, it will be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) will be severed from these terms and conditions without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these terms and conditions, which will continue in full force and effect.

18.0 INTERPRETATION AND DEFINITIONS

18.1 In the Plan Rules unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) "includes" means includes without limitation;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) reference to a rule, a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and
- (e) a reference to a person includes a reference to the person's legal personal representative, a firm or a body corporate.

18.2 Headings are inserted for convenience and do not affect the interpretation of this Plan.

18.3 In the Plan Rules:

ASX means ASX Limited, or the stock market operated by it (as the context requires).

Board means all or some of the Directors acting as a board.

Business Day has the meaning given in the Listing Rules.



Company means Sedgman Limited ACN 088 471 667.

Constitution means the constitution of the Company, as amended from time to time.

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

Director means a director of the Company.

Eligible Participant means:

- (a) an executive Director;
- (b) any full-time or part-time employee of the Company or a Related Body Corporate; and
- (c) any other person who the Board resolves is an Eligible Participant for the purposes of the Plan,

to whom the Board determines in its discretion that Performance Rights (and Shares issued on vesting of Performance Rights) may be issued without disclosure to investors under Chapter 6D.2 of the Corporations Act, but does not include a non-executive Director.

Listing Rules means the Listing Rules of ASX.

Participant means an Eligible Participant who is invited by the Board to participate in the Plan and is granted Performance Rights under the Plan.

Performance Condition means a condition that must be satisfied, or circumstance that must exist, before a Performance Right vests, as determined by the Board.

Performance Period means the period in which, or over which, any applicable Performance Condition must be satisfied, as determined by the Board.

Performance Right means a conditional entitlement to acquire a Share under and subject to the Plan for no consideration under the Plan Rules.

Plan means the Sedgman Limited Long Term Incentive Plan.

Plan Rules means the terms and conditions of the Plan, which are set out in this document, as amended, added to or substituted from time to time.

Record Date has the meaning given in the Listing Rules.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

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

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



Takeover Bid has the meaning given in section 9 of the Corporations Act.

Transfer means any sale, transfer, assignment, creation or purported creation of a Security Interest or a grant of Performance Rights over, or any other alienation or encumbrance or attempt to alienate or encumber.

Trust Deed means the trust deed made between the Company and the Trustee for the purposes of the Plan, as amended from time to time.

Trustee means the trustee under the Trust Deed.

Vesting Event means, unless otherwise determined by the Board in its absolute discretion, any of the following events:

- (a) the earlier of:
 - (i) a recommendation by the Board to accept a Takeover Bid (whether conditional or otherwise) for that number of Shares, when aggregated with Shares already held or acquired by the person (and their associates) making the Takeover Bid, equivalent to more than 50% of the issued Shares of the Company on issue when the Takeover Bid is announced, the bidder becoming entitled to compulsorily acquire Shares; or
 - (ii) the Takeover Bid being declared unconditional;
- (b) pursuant to an application made to the court under section 411 of the Corporations Act, the court orders a meeting to be held in relation to a proposed compromise or arrangement between the Company and its creditors (or a class of its creditors) or the Company and its members (or a class of its members);
- (c) a person (and their associates) acquire, after the adoption of the Plan, a Relevant Interest in sufficient Shares to give it or them the ability, in general meeting, to replace all or a majority of the Board in circumstances where it or they did not have that ability prior to the adoption of the Plan;
- (d) the Company disposes of all or a majority of its main undertaking to a person ("Purchaser") other than a Related Body Corporate, under the terms of which the Participant's employment will be transferred to the Purchaser or the Purchaser acquires control of the entity by whom the Participant is employed;
- (d) the Company passes a resolution for voluntary winding up; or
- (e) an order is made for the compulsory winding up of the Company.