

PLAN RULES

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Rules the following words and expressions have the meanings indicated unless the contrary intention appears:

"ASX" means Australian Stock Exchange Limited.

"Associated Company" means:

- (a) a company which is a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a company which has voting power (as defined in the Corporations Act) in the Company of not less than 20%; or
- (c) a company in which the Company has voting power (as defined in the Corporations Act) of not less than 20%.

"TALi Group" means the Company and any Associated Companies.

"Board" means all or some of the Directors acting as a board or a committee of the Board appointed for the purposes of this Plan or these Rules.

"Bonus Share" means a Share issued as part of a pro rata bonus issue to shareholders of the Company.

"Change of Control" means:

- (a) the acquisition by any person or entity (together with his, her or its associates (as defined in the Corporations Act), if applicable) of a relevant interest in a majority of the Shares;
- (b) the merger or consolidation of the Company as a result of which persons or entities who were shareholders of the Company immediately prior to such merger or consolidation do not, immediately thereafter, own, directly or indirectly, a majority of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company; or
- (c) the transfer of all or substantially all of the assets of the Company to one or more persons or entities that were not, immediately prior to such transfer, related bodies corporate (as defined in the Corporations Act) of the Company except as part of a bona fide arrangement, reconstruction, restructuring, reorganisation, recapitalisation or consolidation that ultimately does not result in a Change of Control.

"Company" means TALi Digital Limited, ACN 108 150 750.

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

"Director" means a director of the Company.

"Employee" means a full or part-time employee of a member of the TALi Group.

"Exercise Price" means the amount, as determined by the Board and specified in the relevant Plan Invitation, that must be paid by a Participant to acquire a Share by the exercise of an Option.

"Listing Rules" means the Listing Rules of the ASX or any other stock exchange (including, without limitation, the Nasdaq National Market) on which Shares (or depositary receipts or similar securities in relation to Shares) may be listed.

"Option" means an option issued under the Plan to subscribe for a Share or Shares.

"Participant" means an Employee who holds an Option issued under the Plan.

"Performance Conditions" means one or more conditions (if any), as determined by the Board, which must be satisfied or waived by the Board before an Option may be exercised.

"Plan" means the TALi Digital Limited Employee Share Option Plan established in accordance with these Rules.

"Plan Invitation" means an offer of, or invitation to apply for, options under the Plan in accordance with Rule 2 that is made to an Employee at the direction of the Board.

"Rules" means these rules of the Plan.

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

"Share Registry" means the share registry appointed from time to time by the Company.

"Special Circumstances" means the Total and Permanent Disablement or death of a Participant and, subject to the Listing Rules (if then applicable to the Company), such other circumstances as determined by the Board in its absolute discretion and notified to a Participant in writing.

"Total and Permanent Disablement" in relation to a Participant means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely to engage in an equivalent occupation for which he or she is reasonably qualified by education, training or experience.

"Vesting Date" means such date as the Board may have determined will be the first date on which an Option may be exercised.

1.2 Interpretation

In these Rules unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;
- (c) a reference to any legislation or to any 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;

- (d) a reference to these Rules or any particular part of these Rules means these Rules or the relevant part as amended from time to time; and
- (e) a reference to a person includes a reference to the person's executors, administrators and successors, a firm or a body corporate.

For the purposes of these Rules, if an entity by which a Participant is employed ceases to be a member of the TALi Group, the employment of the Participant is deemed to have terminated upon the date of the cessation.

2. COMMENCEMENT OF PLAN AN ISSUE OF OPTIONS

2.1 Commencement

The Plan will commence on the date on which the Board determines that the Plan commences.

2.2 Eligibility

The Board may in its absolute discretion, subject to any approval of shareholders of the Company required by law or the Listing Rules, at intervals determined by the Board, offer or issue Options to Employees selected by the Board, on terms and conditions determined by the Board and set out in Plan Invitations and which are not inconsistent with these Rules.

2.3 Offer and issue of Options

- (a) The Board will determine the procedure for offering and issuing Options to Participants, including the form and content of any Plan Invitation and any invitation, offer or acceptance procedure.
- (b) Each Plan Invitation must be in writing and specify the number of options subject to the offer or invitation, the Exercise Price, Performance Conditions (if any), any other conditions of exercise, Vesting Date or Dates (if any), the expiry date of the Options and any other terms or conditions the Board considers appropriate and which are not inconsistent with these Rules.
- (c) Options will be issued for no consideration unless otherwise determined by the Board and set out in the Plan Invitation.

3. OPTION TERMS

3.1 Entitlement

- (a) Notwithstanding that options may have been offered to and accepted by an Employee pursuant to a Plan Invitation, an Employee will not be entitled to receive any Options until the Options have been issued to the Employee in accordance with the relevant Plan Invitation.
- (b) Subject to these Rules, each Option entitles the holder to subscribe for and be issued, credited as fully paid once the Exercise Price has been paid, one Share at the Exercise Price.
- (c) Unless the Rules or the terms upon which an Option has been issued provide otherwise, a Share issued on the exercise of an Option will rank

pari passu with all existing Shares from the date of issue of that Share and will be entitled to those dividends which have a record date for determining entitlements after the date of issue of that Share.

3.2 Conditions for exercise of Options

Subject to Rules 3.3 and 4:

- (a) an Option may be exercised only if the Performance Conditions (if any) relating to it have been satisfied or waived by the Board. A determination made by the Board that any Performance Conditions have or have not been satisfied is final and binding upon the Participant unless the Board in its absolute discretion decides to revise any determination;
- (b) unless the Board otherwise determines, an Option cannot be exercised before the Vesting Date (if any) for the Option; and
- (c) the Board may determine that one or more Options will be subject to additional conditions for exercise, in which case those conditions will be set out in the relevant Plan Invitation.

3.3 Change of Control

If a Change of Control is proposed to be made or undertaken after the date the Shares are first listed on the ASX, the Board in its absolute discretion may determine either or both of the following:

- (a) all then outstanding Options that are not yet able to be exercised will become exercisable at the time or upon the occurrence of an event determined by the Board; and
- (b) notwithstanding Rule 4 and any terms of issue determined under Rule 2, all Options that are not exercised prior to the time or occurrence of an event determined by the Board will lapse at that time or upon the occurrence of that event.

3.4 Method of exercise of Options

- (a) An Option is exercisable by the Participant providing to the company secretary of the Company or such other person as the Board designates, the following:
 - (i) a completed notice (in the form required by the Company) of exercise of Option and application for Shares;
 - (ii) the relevant Option certificate; and
 - (iii) payment of the Exercise Price.
- (b) Options must be exercised in multiples of 100, unless the Participant exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the Participant's right to exercise other Options at a later time. If the Participant exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance of the Options.

3.5 Transfers or encumbrances

- (a) Options are not transferable and a Participant must not encumber or otherwise deal with the Options.
- (b) A legal personal representative of the Participant may be registered as a holder of the Participant's Options in circumstances where either the Participant has died or the Participant's estate is liable to be dealt with under the laws relating to mental health, upon the production to the Company of such evidence reasonably required to establish the entitlement of the legal personal representative to be so registered.

3.6 Quotation of Options

Options will not be quoted on the ASX or any other stock exchange.

3.7 Participation in future issues

(a) Participation Generally

A Participant cannot participate in new issues of securities to holders of Shares unless the Option has been exercised and the Shares in respect of the Option are issued and registered before the record date for determining entitlements to the new issue. The Company must give notice to Participants of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules. Options can only be exercised in accordance with the terms contained in this Rule 3.

(b) Bonus Issues

If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been issued and registered in respect of the exercise of an Option before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the Participant is entitled to subscribe on exercise of the Option is increased by the number of Shares or other securities that the Participant would have received if the Option had been exercised before the record date for the bonus issue.

(c) Rights Issues

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option shall be reduced according to the formula specified in the Listing Rules.

(d) Reorganisation

In the event of any reorganisation of the issued ordinary capital of the Company, the number of Shares attaching to each Option or the Exercise Price per Share of an Option or both will be reorganised in the manner as specified in the Listing Rules at the time of the reorganisation or, if no manner is specified in the Listing Rules or the Listing Rules are

not then applicable to the Company, in the manner determined by the Board in its absolute discretion.

(e) **Advice**

The Company will give notice to each Participant of any adjustment to the number of Shares which the Participant is entitled to subscribe for or be issued on exercise of an Option or the Exercise Price per Share in accordance with the Listing Rules (if applicable at that time).

3.8 Quotation of Shares

If at the time Shares are issued upon the exercise of Options, Shares are quoted on the ASX or any other stock exchange, the Company must as soon as practicable make application to the ASX or the relevant other stock exchange for quotation of those Shares.

4. LAPSE OF OPTIONS

4.1 Subject to Rule 4.2, a Participant's Options that are able to be exercised but are not exercised in accordance with Rule 3.4 before the first to occur of the following, will lapse upon the occurrence of any of the following:

- (a) the expiry date of the Options as set out in the relevant Plan Invitation, but the latest time of exercise of an Option cannot be later than ten years from the date that Option was issued;
- (b) unless otherwise determined by the Board and set out in the relevant Plan Invitation, immediately upon the termination of the Participant's employment with any member of the TALi Group in circumstances which the Board considers (in its absolute discretion) to involve fraud, dishonesty or other serious misconduct, including (without limitation) serious misconduct or neglect of duty which, at common law, would justify summary dismissal;
- (c) unless otherwise determined by the Board and set out in the relevant Plan Invitation, three months after termination of employment in the event of the termination of the Participant's employment with any member of the TALi Group by reason of any Special Circumstances;
- (d) unless otherwise determined by the Board and set out in the relevant Plan Invitation, 30 days after the Participant ceases to be employed by any member of the TALi Group for any reason other than those described in Rule 4.1(b) or (c), including (without limitation) retirement after the age set by the Board from time to time as the general age of retirement for Employees or directors, redundancy or resignation;
- (e) the breach by the Participant of any obligation arising under these Rules; and
- (f) Insolvency of the Company.

4.2 If a Participant ceases to be employed by any member of the TALi Group, the Board may determine that, notwithstanding Rules 4.1(b), (c) and (d), those of the Participant's Options that are then able to be exercised will lapse at the time specified by the Board.

- 4.3 If a Participant ceases to be employed by any member of the TALi Group or if any of the events described in Rule 4.1(a), (e) or (f) occurs, all of the Participant's Options that are not able to be exercised at the time such employment ceases or such event occurs will lapse upon such cessation or occurrence, as relevant.

5. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding any Rule or the terms of any Option, no Option may be offered, issued or exercised and no Share may be issued under the Plan if to do so:

- (a) would contravene the Corporations Act, the Listing Rules (if the Shares are then listed on the ASX or another stock exchange) or any other applicable law; or
- (b) would contravene the local laws or customs of a Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

6. ADMINISTRATION OF THE PLAN

- (a) The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan which are consistent with these Rules.
- (b) Any power or direction which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- (c) Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and upon such conditions as the Board may determine to a committee consisting of such Directors as the Board determines.
- (d) Every exercise of discretion by the Board (or its delegate) and every decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive, and binding.

7. RIGHTS OF PARTICIPANTS

Nothing in these Rules:

- (a) confers on an Employee the right to receive any Options;
- (b) confers on a Participant the right to continue as an employee of the Company or an Associated Company;
- (c) affects any rights which the Company or an Associated Company may have to terminate the employment of any employee; or
- (d) may be used to increase damages in any action brought against the Company or an Associated Company in respect of any such termination.

8. AMENDMENT OF THESE RULES

8.1 Amendments

Subject to the Listing Rules (if then applicable to the Company), the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this Rule 8).

8.2 No Reduction of Rights

No amendment of the provisions of these Rules is to reduce the rights of any Participant in respect of Options issued 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 legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake; or
- (c) to enable the Company or an Associated Company to comply with the Corporations Act or the Listing Rules.

8.3 Retrospectivity

Subject to the above provisions of this Rule 8, any amendment made pursuant to Rule 8.1 may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made and amendments to these Rules, including the terms of Options, have the effect of automatically amending the terms of issued but unexercised Options.

9. SUSPENSION OR TERMINATION

Without affecting existing entitlements, the Board may at its absolute discretion terminate or suspend the operation of the Plan in the future.

10. NOTICES

Any notice to Participants may be given in such manner as the Board determines.

11. GOVERNING LAW

The Plan is governed by and shall be construed and take effect in accordance with the laws of Victoria.