

TALi®

DIGITAL LIMITED

Performance Right and Share Options Plan

TALi Digital Limited

ABN 53 108 150 750

TALi Digital Limited Performance Right and Share Options Plan

1 Introduction

1.1 Purpose

- a) The Company has established these Rules to govern the Plan.
- b) The purposes of the Plan are to:
 - i. provide incentive to Participants by enabling them to participate in the profits and financial performance of the Company;
 - ii. attract, motivate and retain Eligible Executives; and
 - iii. align the interests of Participants more closely with Shareholders in the Company and provide greater incentive for the Participants to focus on longer-term goals of the Company.

2 Definitions and Interpretation

2.1 Definitions

In this agreement, unless the context indicates otherwise the following words and phrases mean:

Applicable Law means any one or all of the following as the context requires:

- a) the Corporations Act;
- b) the ASX Listing Rules;
- c) the Constitution; and
- d) any other applicable legislation of every jurisdiction that may apply in relation to the Plan.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691) or the stock market conducted by Australian Stock Exchange Limited (as the context requires).

Board means the board of directors of the Company.

Bonus Issue has the meaning given to that term in the Listing Rules.

Business Day means a day on which trading banks are open for business, excluding a Saturday, Sunday or a public holiday in Melbourne.

Company means TALi Digital Limited ACN 108 150 750.

Company Secretary means the secretary of the Company from time to time.

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

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time. TALi Digital Limited Suite G02, 1 Crescent Road, T_ 1300 082 013 Page 1 of 20

Director means a director of the Group.

Eligible Executive means an Employee including a Director employed in an executive capacity, determined by the Board as being entitled to receive an Invitation to participate in the Plan in accordance with rule 3.

Employee means a person determined by Applicable Law from time to time to be an employee of the Group.

Exercise Price means the amount payable per Performance Share, if any, on the exercise of a vested Performance Right or Share Option calculated as follows:

- a) the Market Price; or
- b) any other amount (which may be nil) specified by the Board in the Invitation,

in each case making appropriate adjustment, if any, in re

Expiry Date means the first to occur of the following:

- a) the date which is 5 years after the Grant Date of that Performance Right and Share Option;
- b) the date described in an Invitation as the expiry date;
- c) such other date as the Board determines in its discretion with respect to that Performance Right and Share Option at the time of the grant of that Performance Right and Share Option; or
- d) any earlier date on which the Performance Right and Share Option is taken to lapse under these Rules.

Grant Date means the date on which Performance Right and Share Options are granted to and registered in the name of a Participant.

Group means the Company and any Related Body Corporate of the Company by virtue of the Corporations Act and any other body corporate nominated by the Board from time to time.

Invitation means a written invitation to an Eligible Executive to participate in the Plan, issued by the Board under rule 3.1.

Listing Rules means the official listing rules of the ASX.

Market Price means the volume weighted average market price per Share of all Ordinary Shares traded on the ASX during the 30 trading days prior to and including the relevant date. The Board may exercise discretion to include or exclude particular transactions from this

calculation (e.g. 'specials') as it thinks fit. If no ordinary Shares are traded on the ASX during that period, the price as determined by the Board.

Measurement Period means any measurement period determined by the Board as part of a Performance Condition.

Notice of Exercise means a duly completed notice of exercise of a vested Performance Right and Share Option in respect of which any Performance Conditions have been satisfied and signed by the Participant, in a form approved by the Board from time to time, and lodged in accordance with rule 6.5.

Share Option means a right to subscribe for or acquire a Share as set out in, and subject to the terms and conditions of, these Rules for either nil consideration or such other amount as determined by the Board from time to time.

Participant means an Eligible Executive who has been granted Performance Right and Share Options in the Plan under rule 5.

Performance Conditions means, in respect of Performance Right or Share Option held by a Participant, the performance, vesting or other conditions (if any) determined by the Board under rule 3.1(c)(iv) and specified in the Invitation in relation to those Shares, being conditions which must be met before a Performance Right or Share Option can vest.

Performance Right means a right to subscribe for or acquire a Share as set out in, and subject to the terms and conditions of, these Rules for either nil consideration or such other amount as determined by the Board from time to time.

Qualifying Reason means, in relation to a Participant:

- a) the death, Total and Permanent Disablement, Retirement or redundancy of the Participant as determined by the Board in its absolute discretion;
- b) the Participant ceasing to be an Employee as a result of a company ceasing to be a member of the Group, or a Group Company selling a business it conducts other than to another company in the Group; or
- c) any other reason as determined by the Board in its absolute discretion.

Plan means the TALi Digital Performance Right and Share Options Plan as governed by these Rules.

Related Body Corporate means in relation to the Company, a body corporate that is related to the Company by operation of section 50 of the Corporations Act.

Retirement means the voluntary cessation of employment of a Participant with a Group Company where:

- a) the cessation occurs on a date which is at least 6 months after the relevant Grant Date;
and
- b) the Board is satisfied that the cessation is solely by reason of that Participant intending to permanently leave the paid workforce, taking into account such evidence or information as the Board thinks fit including (without limitation) the age of the Participant.

Rules means the rules governing the operation of the Plan as set out in this document.

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

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

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

Total and Permanent Disablement, in relation to a Participant, means that that 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 ever to engage in any occupation with the Company or any other Group Company for which he or she is reasonably qualified by education, training or experience.

Transfer means to sell, assign, transfer, convey or otherwise dispose of or deal with.

Trust means an employee share trust established by the Company for the sole purpose of acquiring, allocating or being issued Shares on behalf of the Participants in accordance with the terms of this Plan, or on behalf of Employees under any other employee equity incentive scheme established by the Company from time to time.

Trust Deed means the trust deed of the Trust executed by the Company and the Trustee.

Trustee means the trustee of the Trust appointed from time to time under the terms of the Trust Deed.

Vesting Date means the date that the Performance Right or Share Options vest under these Rules, being the date (if any) determined by the Board on completion of the Measurement Period and following all other Performance Conditions applicable to the Performance Right and Share Option being satisfied.

Withdrawal Notice means a notice in the form set out in Schedule 1.

2.2 Interpretation

In these Rules, unless the context otherwise requires:

- a) words importing the singular include the plural and vice versa;
- b) the masculine gender shall include the feminine and neuter genders and vice versa;
- c) a reference to a person includes the legal personal representative of that person and also corporations and other entities recognised by the Applicable Law;
- d) a reference to a rule is a reference to a rule of these Rules as amended from time to time;
- e) headings are for convenience only and do not affect the interpretation of these Rules;
- f) references to any Applicable Law includes that Applicable Law as amended, modified, re-enacted or replaced and any Applicable Law that supersedes that Applicable Law;
- g) references to any Applicable Law includes any legislation, statutory instrument, regulation, binding determination and ruling made in connection with that Applicable Law;
- h) unless otherwise identified a word which is given a special meaning by the Corporations Act will where the context allows have the same meaning in these Rules;
- i) where any word or phrase is given a defined meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- j) a term or expression starting with a capital letter;
 - i. which is defined in rule 2.1, has the meaning given to it in rule 2.1; and
 - ii. which is defined in the Corporations Act but is not defined in this document, has the same meaning as in the Corporations Act.
- k) if an act must be done on a specified day which is not a Business Day, then it must be done on the next Business Day;
- l) a reference to "including" means "including without limitation"; and
- m) a reference to money (including a reference to dollars and expressions preceded by a "\$" symbol) is a reference to Australian currency.

2.3 Primary Instruments

These Rules are to be interpreted subject to any Applicable Law.

2.4 Rules are Binding on the Company, the Group and Participants

The Plan:

- a) will operate in accordance with these Rules; and
- b) binds the Company, the Group and each Participant.

2.5 Severability

If any part of these Rules is held by any Applicable Law to be void, voidable, unenforceable or illegal, that provision shall be deemed modified to the extent required to comply with that Applicable Law or, if necessary, shall be severed from the rest of the Rules and the remainder of the Rules shall have full force and effect.

3 Invitation to Participate

3.1 Issue of invitations

- a) The Board may, from time to time and in its absolute discretion, issue Invitations to Eligible Executives inviting applications for participation in the Plan and setting out the number of Performance Right or Share Options to be granted to the Eligible Executive as determined by the Board. Participation includes the granting of Performance Right or Share Options as set out in the Plan, on such terms and conditions as the Board determines.
- b) Eligible Executives are not required to pay any amount in consideration for the grant of, or vesting of, a Performance Right or Share Option (unless the Board determines otherwise).
- c) An invitation to participate in the Plan will include the following information:
 - i. the number of Performance Right or Share Options to be granted, as determined by the Board in its absolute discretion (each Performance Right or Share Option entitling the Participant to one Share upon vesting unless the Invitation states otherwise);
 - ii. the details and due date for submission of applications for Performance Right or Share Options;
 - iii. the Vesting Date for the Performance Right or Share Options;
 - iv. the Expiry Date for the Performance Right or Share Options;
 - v. the Exercise Price (if any)
 - vi. any Performance Conditions attaching to the Performance Right or Share Options including without limitation any Measurement Period; and
 - vii. any conditions or restrictions attaching to Shares issued upon exercise of Performance Right or Share Options.

3.2 Determination by the Board

- a) The Board acting in its absolute discretion may, from time to time, determine which Employees are to be Eligible Executives and entitled to participate in the Plan and may offer such number of Performance Right or Share Options (if any) to those Eligible Executives in accordance with these Rules and Applicable Law.
- b) In determining which Employees will receive an Invitation, and the number of Performance Right or Share Options to be offered to those selected Participants, the Board will take into account the following:
 - i. the Company's formal policy for remunerating its executives;
 - ii. the contribution (and potential contribution) made by an Employee to the Company (or any Group member); and
 - iii. the need to create an incentive for executives to encourage retention and succession planning; and
 - iv. an Employee's demonstrated capacity to add primary equity value to the Company.

4 Applications

4.1 Application for Performance Right or Share Options

- a) An Eligible Executive may apply for Performance Right or Share Options after receipt of an Invitation (**Application**).
- b) The Eligible Executive may apply for up to the number of Performance Right or Share Options set out in the Invitation by sending the Application, duly completed and signed, to the Company in accordance with the instructions (including the due date) set out in the Invitation.
- c) The Application must include an agreement on the part of the Eligible Executive to be bound by these Rules.

5 Grant of Performance Right or Share Options

5.1 Company to grant

- a) The Company may grant Performance Right or Share Options to the Eligible Executive on receipt and acceptance of a duly signed and completed Application. The Performance Right or Share Options will have effect on and from such date as the Board determines.
- b) A Performance Right or Share Option may be:
 - i. a right to acquire or subscribe for a Share; or
 - ii. a right for the Trustee to subscribe for, acquire and/or allocate a Share and hold that Share on behalf of the Participant.

5.2 Performance Right or Share Options personal

- a) Subject to rule 5.2(c), a Performance Right or Share Option is personal to the Participant to whom it is granted and, accordingly, the Performance Right or Share Options granted under rule 5.1 cannot be Transferred.
- b) Subject to rule 5.2(c), upon attempted Transfer of any Performance Right or Share Option, such Performance Right or Share Option will lapse.
- c) Notwithstanding anything in this rule 5.2, a Transfer of a deceased Participant's Performance Right or Share Options to a legal personal representative of that Participant is permitted.

6 Vesting

6.1 Vesting of Performance Right or Share Options

- a) Subject to these Rules, a Performance Right or Share Option will vest on the day specified in the Invitation.
- b) Subject to rule 6.1(c), vesting of Performance Right or Share Options is conditional on the satisfaction of the Performance Conditions.
- c) Subject to the Listing Rules, the Board may:
 - i. vest any or all of a Participant's Performance Right or Share Options, notwithstanding that a Vesting Condition has not been satisfied; or

- ii. determine that vesting of any or all of a Participant's Performance Right or Share Options is subject to such further conditions as it determines.

6.2 Lapse of Performance Right or Share Options

A Performance Right or Share Option lapses, to the extent it has not been exercised, on the earlier to occur of:

- a) the Expiry Date;
- b) if the applicable Performance Conditions are not achieved within the Measurement Period prescribed;
- c) the date of passing of a resolution to wind up the Company;
- d) in the case of a Performance Right or Share Option which has not vested, the earlier of:
 - i. the date of termination of employment of the Participant where such termination is for any reason other than a Qualifying Reason;
 - ii. 5 days after the last Measurement Period applicable to the Performance Right or Share Option; and
 - iii. the date of lapse under rule 6.3;
- e) in the case of a Vested Performance Right or Share Option, the earlier of:
 - i. 30 days after the date of termination of employment of the Performance Right or Share Option Holder, if such termination has occurred because of a Qualifying Reason; and
 - ii. 5 days after the date of termination of employment of the Performance Right or Share Option Holder, if such termination has occurred for any reason other than a Qualifying Reason.

6.3 Fraud or dishonesty

If, in the reasonable opinion of the Board, a Participant has acted fraudulently or dishonestly, or has breached his or her obligations to a Group Company, the Board may deem that Participant's Performance Right or Share Options to have lapsed.

6.4 Cancellation

Subject to the Listing Rules, and notwithstanding any other provisions in these Rules, if the Board and the Participant have agreed that on the occurrence of a particular event or on a particular date some or all of the Performance Right or Share Options granted to that Participant may be cancelled, the Board may cancel some or all of the Participant's Performance Right or Share Options on the occurrence of that event or on that date.

6.5 Exercise upon Vesting

- a) Subject to these Rules, Performance Right or Share Options can be exercised at any time from the Vesting Date for those Performance Right or Share Options until such Performance Right or Share Options lapse in accordance with rule 6.2.

- b) A Participant may exercise any of their Performance Right or Share Options by lodging a Notice of Exercise and a cheque payable to the Company for the Exercise Price (if any) applicable to those Performance Right or Share Options, or by such other means of payment as may be approved by the Board, at the head office of the Company for the time being or other place nominated by the Board for this purpose.
- c) Subject to rule 6.5(e), the Company must within 30 days after receipt of a Notice of Exercise and the Exercise Price (if any) in respect of Performance Right or Share Options, allot and issue to:
 - i. the Participant ; or
 - ii. (where applicable) to the Trustee for the benefit of the Participant;

that number of Shares nominated by the Participant in the Notice of Exercise under these Rules.

- d) Each Participant appoints the Company and its directors jointly and severally as the Participant's attorneys to do all things the Company reasonably considers necessary to effect a transfer, issue or allocation of Shares under this rule 6.
- e) The Company may, at the Board's discretion, determine to apply, or to instruct and procure the Trustee to apply, the Total Exercise Price together with, to the extent permitted by Law, moneys provided by the Company, in purchasing or subscribing for Performance Shares instead of making an allotment and issue of Performance Shares for the purpose of the Notice of Exercise. The relevant Performance Shares will be purchased in the name of:
 - i. the Participant, or
 - ii. in the name of the Trustee for the benefit of the Participant, within 30 days after receipt of the Notice of Exercise and Exercise Price (if any).

6.6 Quoting

If the Shares issued, acquired or allocated are in the same class as a class of shares in the Company quoted by the ASX, the Company will apply to the ASX for the issued, acquired or allocated Shares to be quoted within the period required by ASX.

6.7 Earlier Vesting

- a) The Board may, in its absolute discretion, vest any or all Performance Right or Share Options of a Participant where in the Board's discretion, pro rata performance is in line with the Performance Conditions applicable to those Performance Right or Share Options, giving regard to the time that has elapsed since the Grant Date, upon:
 - a) the occurrence of a Takeover Bid;
 - b) a person becoming bound or entitled to acquire shares in the Company under section 414 or Chapter 6A of the Corporations Act; or
 - c) a Court ordering 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) If, in the circumstances set out in paragraphs 6.8(a)(i) to 6.8(a)(iii), the Board does not determine that any or all of the Performance Right or Share Options of a Participant should vest, the unvested Performance Right or Share Options will automatically lapse (unless the Board determines otherwise).

6.8 Trustee holding

Where the Trustee holds Shares on behalf of a Participant:

- a) the Trustee must hold Shares under the Plan in accordance with these Rules, the Trust Deed and any other directions given by the Company from time to time; and
- b) the Shares will be registered in the name of the Trustee (unless the Board determines otherwise).

7 Restrictions on Share dealings

7.1 Board may restrict dealings

- a) The Board may, in its absolute discretion and by notice to a Participant in an Invitation, impose a restriction on the Transfer of Shares (**Restriction**) for a period of up to seven years from the Grant Date (**Restricted Period**).
- b) The Board may in its absolute discretion waive any Restricted Period in part or in full.

7.2 Restriction to apply

During the Restricted Period, the relevant Participant must not Transfer any Shares the subject of the restriction.

7.3 Enforcement of Restriction

During the Restricted Period, the Board may do any acts, take any steps and make any arrangement it considers necessary or desirable to enforce the Restriction and to give effect to the provisions of this rule 7. The Participant agrees to do anything reasonably required to give effect to any such Restriction.

8 Rights attaching to Shares

8.1 Ranking

All Shares issued, acquired or allocated upon vesting of a Performance Right or Share Option will rank equally in all respects with the Shares of the same class on issue at that time, except that:

- a) any rights attaching to the Shares by reference to a record date prior to the date of the issue, acquisition or allocation of the Shares are not affected; and
- b) any Restrictions imposed under rule 7 apply.

8.2 Dividends

Where Shares are held by the Trustee on behalf of a Participant, the Participant will be entitled to receive the dividends paid by the Company on the Shares held by the Trustee on behalf of the Participant.

8.3 Meetings and voting

- a) Where Shares are held by the Trustee on behalf of a Participant:
 - i. the Company must forward to the Participant a copy of all notices of meeting provided to the Trustee; and
 - ii. a Participant may direct the Trustee as to how to exercise any voting rights attached to the Shares held by the Trustee on behalf of that Participant, either in general or in respect of a particular resolution.
- b) If no direction is given under rule 8.3(a)(ii), the Trustee is not entitled to exercise the relevant voting rights.

9. Transfer of Shares held by Trustee

- a) A Participant may, at any time, issue to the Company for Board approval a Withdrawal Notice in respect of some or all of the Shares held by the Trustee on behalf of that Participant, provided those Shares are no longer subject to any Restriction under rule 7.
- b) A Participant will be deemed to have issued a Withdrawal Notice in respect of all of the Shares held by the Trustee on behalf of the Participant if:
 - i. the Participant has ceased to be an Eligible Executive, as determined by the Board in its absolute discretion; or
 - ii. the Expiry Date has been reached.
- c) The Board must not unreasonably withhold approval of a Withdrawal Notice submitted in accordance with this rule 9. However, nothing in this rule 9 requires the Board to:
 - i. deal with a Withdrawal Notice any earlier than in accordance with times, intervals, procedures or periods the Board may set from time to time in relation to the consideration of Withdrawal Notices; or
 - ii. approve a Withdrawal Notice if the Participant owes money to any member of the Group.
- d) If the Board approves a Withdrawal Notice, the Trustee must transfer the legal title in the relevant Shares to or in accordance with the direction of the Participant.

10 Duration of Performance Right and Share Options

10.1 Expiry

Subject to rule 10.3, the Performance Right and Share Options expire at 5.00 pm Australian Eastern Standard Time on the Expiry Date.

10.2 Lapse

Performance Right or Share Options that have not vested on or before 5.00pm Australian Eastern Standard Time on the Expiry Date will automatically lapse.

10.3 Adjustment to Terms of Performance Right and Share Options

- a) Subject to rule 10.3(b), the Board has the power to make adjustments to or vary the terms Performance Right or Share Options.
- b) No adjustment or variation of the terms a Performance Right or Share Option will be made without the prior written consent of the Participant who holds the relevant Performance Right or Share Option if such adjustment or variation would have a materially prejudicial affect upon the Participant, other than an adjustment or variation introduced primarily:
 - i. 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;
 - ii. to correct any manifest error or mistake;
 - iii. to enable the Company to comply with the Corporations Act, the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, any other Applicable Law or a requirement, policy or practice of the Australian Securities and Investments Commission or other relevant Australian regulatory body; or
 - iv. to comply with the terms of the Plan.

10.4 Waiver of Performance Conditions

The Board may, in its discretion by giving notice to a Participant:

- a) reduce or waive, in whole or in part, the Performance Conditions (if any) and Restrictions applicable to all or a specified number of Performance Right or Share Options held by the Participant; or
- b) vary the Vesting Date of any Performance Right or Share Options, at any time and in any particular case.

11 Notices

Any notice or direction given under these Rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or in such manner as the Board from time to time determines.

12 Variation and Termination

12.1 Variation of Rules

- a) The Board may add to or vary any of these Rules or waive or modify the application of any of these Rules in relation to any Participant at any time by resolution of the Board.
- b) If an addition, variation, waiver or modification under rule 12.1 derogates from the terms of the Performance Right or Share Options held by Participants the amendment must not be made unless the additions, variations, waivers or modifications to the Rules are introduced primarily:
 - i. for the purpose of complying with or conforming to law;
 - ii. in order to comply with the listing rules of any stock exchange upon which shares in the Company are listed (or proposed to be listed); or
 - iii. to take into consideration possible adverse tax implications to the Plan arising from rulings from the Commissioner of Taxation, changes or proposed changes to tax legislation and/or changes in the interpretation of tax legislation by a competent court or tribunal; or
 - iv. to correct a manifest error or mistake.
- c) Subject to this rule 12, any amendment made pursuant to rule 12.1 may be given such retrospective effect as is specified in written instrument or resolution by which the amendment is made.
- d) As soon as reasonably practicable after the Company makes an amendment under rule 12.1 the Company must notify the Participants of the amendment.
- e) Notwithstanding rule 12.1(b), the Company may amend all or any of the provisions of the Plan, provided that the Company provides to any affected Participant appropriate compensation, such that the Participant remains no worse off as a result of any such amendment.

12.2 Termination and Suspension

The Board may, at any time and in its absolute discretion, suspend or terminate the operation of the Plan.

13 Administration of the Plan

13.1 Discretion

- a) Where these Rules provide for a determination, decision, approval or opinion of the Board, such determination, decision, approval or opinion may be made or given by the Board in its absolute discretion.
- b) Any power or discretion 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 such power or discretion, under any fiduciary or other obligation to any other person.

13.2 Costs and Tax

- a) Subject to these Rules, the Company and the Group must pay all expenses, costs and charges incurred in the administration of the Plan in such amounts and proportions as they shall agree.
- b) The Company is not responsible for any tax which may become payable by a Participant in connection with the acquisition of Performance Right or Share Options or Shares or any other dealing by a Participant with Performance Right or Share Options or Shares.

14 No interest in Shares

A Participant will have no interest in Shares the subject of his or her Performance Right or Share Options unless and until those Performance Right or Share Options have vested in accordance with these Rules and Shares are issued or allocated to, or acquired by (as the case may be) that Participant or the Trustee on behalf of that Participant as a result.

15 Rights and obligations of Participants

15.1 Rights of Participants

Nothing in these Rules:

- a) confers on any Eligible Executive the right to receive an Invitation or to acquire any Performance Right or Share Options or Shares under the Plan;
- b) confers on any Participant the right to continue as an Employee;
- c) affects any rights which the Company or any member of the Group may have to terminate the employment or contract of services of any Participant;
- d) causes the value of the Performance Right or Share Options to increase an Employee's income for the purpose of calculating any employee benefits; or
- e) may be used to increase damages in any action brought against the Company or any member of the Group in respect of any termination or for any other reason connected with the Participant's employment.

15.2 Employment Contracts

It is acknowledged and accepted by each Participant that the terms of the Plan do not form part of the terms and conditions of a Participant's employment contract, nor do the terms of the Plan constitute a contract or arrangement (including any related condition or collateral arrangement) in relation to the Participant's employment contract.

15.3 Rights of Performance Right and Share Options holders prior to Vesting

A grant of a Performance Right or Share Option does not confer on a Participant any right to receive notice of, or to vote at, a meeting of members of the Company or any right to receive a dividend, before the vesting of that Performance Right or Share Option.

15.4 Obligations

In consideration of Shares being issued to a Participant following the vesting of the Performance Right or Share Options, the holder of Shares agrees to be bound by the terms of the Constitution.

16 Bonus Issues and Reconstructions

16.1 Adjustment for Bonus Issues

If, after the issue of a Performance Right or Share Option but prior to its vesting, Shares in the Company are issued to the Company's Shareholders by way of a Bonus Issue, the Participant will be entitled, upon any later vesting of that Performance Right or Share Option, to receive such number of Shares upon vesting as the Participant would have received if the Performance Right or Share Option had vested prior to the record date for determining entitlements under the Bonus Issue.

16.2 Reconstruction

If, at any time prior to the vesting of a Performance Right or Share Option, there is any reconstruction or re-organisation (including a consolidation, subdivision, reduction or return), other than a Bonus Issue, the Performance Right or Share Options will be reorganized in the following manner:

- a) in a consolidation of capital - the number of Performance Right or Share Options must be consolidated in the same ratio as the share capital;
- b) in a sub-division of capital - the number of Performance Right or Share Options must be sub-divided in the same ratio as the share capital;
- c) in a return of capital - the number of Performance Right or Share Options must remain unaltered;
- d) in a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where no Company Shares are cancelled - the number of Performance Right or Share Options must remain unaltered;

- e) in a pro rata cancellation of capital - the number of Performance Right or Share Options must be reduced in the same ratio as the share capital;
- f) in any other case - the number of Performance Right or Share Options must be reorganised so that the holder of the Performance Right or Share Options will not receive a benefit or a detriment that Shareholders do not receive. This rule does not prevent a rounding up of the number of Shares to be received on vesting if the rounding up is approved at the Shareholders' meeting which approves the reorganisation.

16.3 New issues

Subject to rules 16.1 and 16.2, prior to the vesting of any Performance Right or Share Options, a Participant does not have the right to participate in any new issue of securities in the Company.

16.4 Calculations

- a) The Board will be entitled to have any calculations or adjustments which are required to be made under this rule 16 made by the auditors of the Company for the time being and such calculations, in the absence of error, will be final and conclusive, and binding on the Participant.
- b) The Company must notify each Participant and the ASX (if applicable) of any adjustments made to the number of Performance Right or Share Options or the number of Shares underlying each Performance Right or Share Option at least five Business Days before the change becomes effective.

17 Trustee rights and obligations

17.1 Company and Trustee

In addition to any rights given to it under the Trust Deed, the Company may:

- a) provide funds to the Trustee to enable the Trustee to subscribe for or acquire Shares under this Plan on behalf of Participants;
- b) remove the Trustee and appoint a replacement trustee (and make arrangements to transfer Shares held on behalf of Participants to the replacement trustee); and
- c) pay the Trustee such amount as the Company determines in respect of services provided by the Trustee under this Plan.

17.2 Costs

The Board may in its sole discretion determine how any costs incurred by the Trustee in the performance of its role under this Plan (including costs associated with the Trust) are to be paid.

18 Attorney and agent

Each Participant, in consideration of an Invitation:

- a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an **Attorney**), severally, as the Participant's attorney and agent to complete and execute any documents and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the terms and conditions of this Plan;
- b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power; and
- c) releases the Company and the Attorney from any liability whatsoever arising from the exercise of the powers conferred by this Plan.

19 Advice

Participants should obtain their own independent advice from a licensed financial product and taxation advisor on the financial, taxation and other consequences to them of, or relating to, participation in the Plan.

20 Security Interests

Without approval from the Board, Participants shall not grant any Security Interest in or over or otherwise Transfer or deal with any Performance Right or Share Options or any interest therein, and any such Security Interest, Transfer or dealing will not be recognised in any manner by the Company.

21 Exclusion of Liability

Notwithstanding anything contained in these Rules, each Participant acknowledges and agrees that neither the Company nor any of its directors or officers or any contract administration will be liable for any loss or damage to any Participant or any person claiming through a Participant including any transferee which loss or damage arises from:

- a) any omission on the part of the Company to notify any Participant of the terms and conditions of the Performance Right or Share Options;
- b) any change in the financial position of the Company and/or any change in the value of the securities of the Company;
- c) the lapsing of any Performance Right or Share Options under this Plan; or
- d) anything done in connection with the Plan, unless such act or omission constitutes wilful misconduct on such person's part.

22 Governing Law

The laws of the State of Victoria shall govern these Rules and the rights of the Participants under the terms and conditions of the Plan, and the Participants submit to the exclusive jurisdiction of the courts of that State.

Schedule 1 Notice of Withdrawal from Trust

TALi DIGITAL LIMITED ACN 108 150 750
(Company)

Performance Right and Share Options Plan (**Plan**)

To the Trustee of the TALi Digital Limited Performance Right and Share Options Plan

Where the Company has instructed the Trustee to subscribe for, acquire or be allocated Shares, and hold such Shares on my behalf, in accordance with Rule 9 of the TALi Digital Limited Performance Right and Share Options Plan (**Plan**) I request that the Trustee releases from the Trust the following Shares held by the Trustee on my behalf:

_____ Shares

and instruct the Trustee to:

(strike out those that do not apply)

- a) Transfer the legal title in the Shares to me
- b) Transfer the legal title in the Shares to my nominee, _____
- c) Arrange for the sale of the Shares on my behalf and pay to me the proceeds from the sale of the Shares (less any brokerage fees or other costs payable by the Trustee in respect of the sale)

I acknowledge that this request is subject to the rules of the Plan (**Rules**) and the constitution of the Company (**Constitution**), and I agree to be bound by the Rules and the Constitution.

Date:

Signature of Participant: