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Staff Option Plan

Impedimed Limited

Adopted by a resolution of Directors on 15 April 2004

Amended July 2007

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1 General nature of this Plan

Description

- 1.1 This is a plan under which Eligible Employees may become holders of Options in the Company.

Object of the Plan

- 1.2 The objects of the Plan are:
- 1.2.1 To recognise the ability and efforts of Eligible Employees and their contribution to the future success of the Group; and
 - 1.2.2 to provide a long term incentive to help the Group recruit, reward, retain and motivate its Eligible Employees.

Name of plan

- 1.3 This Plan is called the '**Impedimed Staff Option Plan**'.

Commencement of plan

- 1.4 This Plan starts on the Starting Date.

2 Eligibility, participation and limitations

Eligibility

- 2.1 A person is eligible to participate in this Plan if he or she is:
- 2.1.1 a director or secretary of; or
 - 2.1.2 an employee in permanent fulltime or permanent part-time employment with,
a Group company.

Voluntary participation

- 2.2 Participation in this Plan by Eligible Employees is voluntary and no Eligible Employee is required to participate in this Plan.

Maximum number of Options which may be issued or granted under this Plan

- 2.3 The aggregate number of Options in respect of which Invitations may be made on any date under this Plan, when added to:
- 2.3.1 the number of Shares allotted under any employee share plan for the benefit of employees during the five years preceding the date on which Invitations are made; and
 - 2.3.2 the number of Shares which may be acquired by exercise of options granted under this Plan (or any other Company share or option plan for the benefit of employees),
- (disregarding any Shares allotted or acquired by way of an Excluded Offer and any Shares allotted or acquired by exercise of options which have been

granted by way of an Excluded Offer) shall not exceed 5% of the number of Shares on issue on the day preceding that date.

Maximum percentage of Shares which may be held

- 2.4 The Company must not grant any Options to a Participant under this Plan if immediately after the grant, the Participant would:
- 2.4.1 own (legally or beneficially); or
 - 2.4.2 control the exercise of voting power attached to, more than 5% of all Shares then on issue.
- 2.5 A Participant is not entitled to exercise any Option if the exercise of that Option would require the Company to be in breach of this Rule.

Overriding restrictions on grant and exercise

- 2.6 No Option may be granted or exercised if to do so would contravene the Constitution of the Company, the Corporations Act, the Listing Rules or any other applicable law of a jurisdiction in which the Company is incorporated or a Participant resides and any purported grant or exercise in breach of the foregoing is invalid.

3 Invitations to participate

Invitations to Participate

- 3.1 Subject to this Rule, the Board may make Invitations to Eligible Employees at any time.

Form of Invitation

- 3.2 An Invitation must be made in writing and must specify:
- (a) the proposed Date of Grant;
 - (b) the total number of Options available to the Eligible Employee;
 - (c) the Exercise Period;
 - (d) the Exercise Price or the method of determining the Exercise Price;
 - (e) the minimum number of Options which must be exercised at any one time;
 - (f) the Exercise Conditions attaching to the Options;
 - (g) the Restriction Period (if any) which relates to Shares issued on the exercise of the Options;
 - (h) a summary, or a copy of, these Rules;
 - (i) the procedure to be followed by an Eligible Employee to accept the Invitation, apply to participate in the Plan and to apply for Options; and
 - (j) any other terms and conditions determined by the Board which are not inconsistent with these Rules or which would prevent the Options being treated as 'qualifying shares' or 'qualifying rights' for the purposes of, or

otherwise qualifying for concessional treatment under, the Tax Law or for relief provided by the Australian Securities and Investments Commission.

Acceptance of Invitation

- 3.3 Acceptance of an Invitation is an application by the Eligible Employee for the grant of Options in accordance with this Plan and the terms and conditions contained in the Invitation. The Board is entitled to reject any application by an Eligible Employee to participate in this Plan without assigning any reason.
- 3.4 If the Board resolves to accept an application by an Eligible Employee to participate in the Plan and to be granted Options the Board must notify the Eligible Employee accordingly.
- 3.5 Once notice is given, a contract is formed under which:
- 3.5.1 an Eligible Employee becomes bound by the Constitution of the Company, the terms and conditions of this Plan and the grant of Options under this Plan; and
 - 3.5.2 the Company must subject to this Plan, issue a certificate or statement in the form determined by the Board to evidence the grant of the Options to the Participant.
- 3.6 If prior to the Date of Grant of the Options, a person whose application has been accepted ceases to be an Eligible Employee, the Company is entitled not to grant the Options.

Lapse or rejection of Invitation

- 3.7 The Invitation lapses if:
- 3.7.1 The Eligible Employee to whom an Invitation is made notifies the Company in writing on or before the date nominated by the Company for acceptances that the Eligible Employee does not wish to be granted the Options contemplated in the Invitation; or
 - 3.7.2 the Invitation is not accepted by the date nominated by the Company for acceptances.

Participation risk

- 3.8 If an Eligible Employee is granted Options and participates in this Plan, the risk of loss to that Eligible Employee as the holder of Options or Shares (issued on the exercise of Options) arising for any reason whatsoever including from the Options or Shares falling in value lies with the Eligible Employee. Neither the Group, nor the Board, nor any officer or employee of the Company represents that either the Options or Shares will maintain their value or increase in value. None of them is responsible to an Eligible Employee if the Eligible Employee suffers any loss.

Taxation risk

- 3.9 Neither the Group nor any adviser to the Group nor the Board represents or warrants that the Plan will have any particular taxation consequences or that any Participant will gain any taxation advantage by participating in this Plan

and they are not liable for, or as a consequence of, any taxes imposed upon or duties assessed against a Participant.

4 Terms and conditions of Options

Unless otherwise resolved by the Board, Options will be granted on the terms and conditions set out in **Schedule 1** and in any Invitation.

5 Operation of plan

Administration

- 5.1 The Plan is administered by the Board who have power to:
- 5.1.1 determine appropriate procedures for administration of the Plan consistent with the Rules;
 - 5.1.2 resolve conclusively all questions of fact or interpretation in connection with the Plan or the Plan Rules;
 - 5.1.3 delegate to any persons for such period and on such terms as they see fit the exercise of any of their powers or discretions under this Plan;
 - 5.1.4 terminate or suspend the operation of the Plan at any time, provided the termination or suspension does not materially adversely affect the rights of Participants holding shares at that time;
 - 5.1.5 take and rely on independent professional or expert advice in or in relation to the exercise of any of its powers or discretions under these Rules.
- 5.2 Where these Rules provide for a determination, decision, approval or opinion of the Board or the Company, that may be made or given by the Board or the Company in its absolute discretion.
- 5.3 Any power or discretion which is conferred on the Company 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.

Amendments

- 5.4 The Board may at any time amend any of these Rules or waive or modify the application of any of these Rules in relation to any Participant.
- 5.5 However, it may not do so in a way that would decrease a Participant's rights to shares or to dividends or other money.

Rights of Participants

- 5.6 This Plan:
- 5.6.1 does not confer on any Eligible Employee the right to be offered any Options;

- 5.6.2 does not confer on any Eligible Employee the right to continue as an employee or director;
- 5.6.3 does not affect a Participant's terms of engagement by the Company;
- 5.6.4 does not affect any rights which the Company may have to terminate any terms of engagement or to remove the Participant from office as a director; and
- 5.6.5 may not be used to increase damages in any action brought against the Company in respect of the termination of any engagement or removal of the Participant as a director from office.

Termination of plan

- 5.7 The Board may terminate this Plan at any time, at its absolute discretion. Termination does not affect the rights under this Plan of Participants in respect of applications to participate that have been accepted by the Company and notified to the Participant.

General

Time of essence

- 5.8 Time is of the essence under this document.

Agreement to benefit and bind successors

- 5.9 This document continues for the benefit of, and binds, a successor in title of a Participant.

Waiver

- 5.10 The fact that the Company fails to do, or delays in doing, something the Company is entitled to do under this document, does not amount to a waiver of any obligation of, or breach of obligation by the Company. A waiver by the Company is only effective if it is in writing. A written waiver by the Company is only effective in relation to the particular obligation or breach in respect of which it is given. It is not to be taken as an implied waiver of any other obligation or breach or as an implied waiver of that obligation or breach in relation to any other occasion.

Governing law and jurisdiction

- 5.11 This document is governed by the law of Queensland. Each Participant and the Company submits to the exclusive jurisdiction of its courts and will not object to the exercise of jurisdiction by those courts, either for forum non-conveniens or on any other basis.

Cost and expenses

- 5.12 The Company must pay all expenses, costs and charges incurred in operating the Plan, except that the Company is not responsible for any taxes which may become payable in connection with the issue of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

Notices

- 5.13 Without limiting the manner in which notices can be given, the Company can give notices to Participants in the manner permitted by the Company's constitution.

6 Definitions and interpretation

Definitions

- 6.1 In this Plan unless the contrary intention appears:

ASX means ASX Limited.

Board means the Board of directors of the Company from time to time.

Business Day has the meaning given to that term in the Listing Rules.

Company means Impedimed Ltd ABN 65 089 705 144.

Corporations Act means the Corporations Act 2001.

Date of Grant means, with respect to an Option, the date on which the Board grants the Option to an Eligible Employee.

Directors means the directors of the Company from time to time.

Eligible Employee means a person who is eligible to participate in this Plan under Rule 2.1.

Excluded Offer means an offer that:

- (a) falls within section 708 of the Corporations Act; or
- (b) is made under a disclosure document (as defined in the Corporations Act).

Exercise Conditions means the performance, vesting or other conditions determined by the Board which are required to be satisfied before an Option can be exercised, as set out in the terms and conditions of grant.

Exercise Period means the period during which Options are exercisable as set out in the terms and conditions of grant.

Exercise Price means the amount payable by the holder of an Option on the exercise of the Option, as set out in the terms and conditions of grant.

Group means the Company and its Subsidiaries.

Holding Lock has the meaning given to that term in the Listing Rules.

Invitation means an invitation to participate in this Plan and to apply for Options.

Last Exercise Date means the date specified in the terms and conditions of grant as being the Last Exercise Date.

Legal personal representative means the executor of the will or an administrator of the estate of a deceased person or the trustee of the estate of a person under a legal disability.

Listing Rules means the official listing rules of ASX.

Notice of Exercise means a duly completed and executed notice of exercise of an Option by a Participant, in the form prescribed and otherwise as required by the Board from time to time.

Option means an option to subscribe for Shares granted to an Eligible Employee under this Plan.

Participant means a person who holds Options granted under this Plan and includes, if the Participant dies or becomes subject to a legal disability, the legal personal representative of the Participant.

Plan Shares means Shares issued in accordance with the exercise of Options granted under this Plan.

Restriction Period means the period (if any) during which Plan Shares issued upon the exercise of Options may not be Transferred.

Rules means the Rules governing the operation of this Plan set out in this document, as amended from time to time.

Security Interest means a mortgage, pledge, lien, charge, preferential right, trust arrangement, agreement or other arrangement given, arising or created as security.

Shares means ordinary shares in the capital of the Company.

Shareholder means a holder of shares in the Company.

Subsidiary means a subsidiary for the purposes of the Corporations Act.

Starting Date means the date on which this Plan is first adopted by the directors.

Tax Law means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth).

Total and Permanent Disablement occurs in relation to a Participant, if the Participant has, in the reasonable opinion of the Board, become permanently incapacitated to such an extent as to render the Participant unlikely to engage in the Participant's usual occupation again.

Transfer includes sell, transfer, assign, encumber, dispose or otherwise deal with in any way.

Interpretation

- 6.2 In this document, unless the contrary intention appears:
- 6.2.1 headings are for ease of reference only and do not affect the meaning of this document;
 - 6.2.2 the singular includes the plural and vice versa and words importing a gender include other genders;
 - 6.2.3 other grammatical forms of defined words or expressions have corresponding meanings;

- 6.2.4 a reference to a specific time for the performance of an obligation is a reference to that time in Brisbane, Queensland even if the obligation is to be performed elsewhere;
- 6.2.5 a reference to any legislation or statutory instrument or regulation is construed in accordance with the Acts Interpretation Act 1901 (Cth) or the equivalent State legislation, as applicable;
- 6.2.6 a reference to writing includes typewriting, printing, lithography, photography and any other method of representing or reproducing words, figures or symbols in a permanent and visible form
- 6.2.7 if a day for the payment under this document falls on a day which is not a Business Day, payment is due on the next Business Day;
- 6.2.8 if a provision of this document binds two or more parties, that provision binds those parties jointly and severally; and
- 6.2.9 words and expressions used in this document and which are also used in the Corporations Act have the meaning given to them in the Corporations Act.

Schedule 1

Option terms and conditions

Entitlement to Shares

- 1 Subject to these conditions, each Option confers an entitlement to subscribe for and be issued one Share, credited as fully paid, at the Exercise Price.

Obligation of the Company to issue Shares

- 2 Subject to these conditions, the Company must issue a Share on exercise of an Option and shall issue a holding statement or other appropriate evidence of title for Shares so issued within 10 Business Days (or such other period as is required by the Listing Rules) after the date of exercise of the Option.

Ranking of Shares

- 3 Subject to condition 4, Shares issued on the exercise of Options will rank equally with all existing Shares on and from the date of issue in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.

Quotation of Plan Shares and Restriction Period

- 4 The Company will apply for the quotation by ASX of Plan Shares within the time period required by the Listing Rules, provided that Plan Shares may be issued subject to a Restriction Period imposed at the time of issue if the Company considers it necessary or appropriate to impose a Restriction Period. Plan Shares may not be Transferred during the Restriction Period. If the Company requires, Plan Shares will be subject to a Holding Lock or will remain unquoted during the Restriction Period.

Options subject to the Plan

- 5 Options will be governed by the Plan until the Options:
 - 5.1 lapse in accordance with these conditions; or
 - 5.2 are exercised and Shares have been issued as a result of that exercise.

Options personal to Participant

- 6 Options are personal to the Participant and may not be transferred or exercised by any other person or body corporate except:
 - 6.1 with the prior written consent of the Board; or

- 6.2 to the extent necessary to enable a Participant's legal personal representative to exercise the Options in accordance with these terms and conditions.

Procedure for exercise

- 7 Subject to the satisfaction of the Exercise Conditions and these Rules, an Option which has not lapsed in accordance with these Conditions may be exercised during the Exercise Period by the Participant lodging with the share registry of the Company, as nominated by the Board:
- 7.1 a Notice of Exercise signed by the Participant;
- 7.2 the relevant certificate and such other documentation as may be specified in the information given to the Participant in accordance with Rule 3.2; and
- 7.3 payment of the Exercise Price in respect of the Options exercised. This will be deemed not to have been satisfied unless and until the cheque has been cleared.

Form of payments

- 8 All payments made under condition 7 must, unless otherwise determined by the Board, be made by cheque made out in favour of the Company and in Australian dollars.

Partial exercise – issue of new certificate

- 9 Where a Participant submits a Notice of Exercise in respect of only some of the Options covered by a certificate, the Company must either:
- 9.1 issue a certificate which evidences the remaining number of Options held by the Participant; or
- 9.2 endorse the existing certificate to reflect the remaining number of Options held by the Participant,
- as the Board determines in its discretion.

Quotation of Options

- 10 Options will not be quoted on ASX.

Lapse of Options - ceasing to be an Eligible Employee

- 11 Subject to conditions 12 and 14, if for any reason a Participant ceases to be an Eligible Employee:
- 11.1 all Options which have not yet vested automatically lapse;

- 11.2 within 1 month after the Participant ceases to be an Eligible Employee, the Participant may exercise some or all of any vested Options; and
- 11.3 any vested Options automatically lapse at the end of the 1 month period specified in condition 11.2.

Lapse of Options - death or Total and Permanent Disablement of a Participant

- 12 Notwithstanding anything to the contrary contained in this Plan, upon the death or Total and Permanent Disablement of a Participant:
 - 12.1 all Options which have not yet vested automatically lapse;
 - 12.2 within 12 months after the death or Total and Permanent Disablement of the Participant, the Participant or the Participant's Legal Personal Representative may exercise some or all of any Options which vested in the Participant before the Participant's death or Total and Permanent Disablement; and
 - 12.3 any unexercised but vested Options automatically lapse at the end of the 12 month period specified in condition 12.2.

Lapse of Options – expiry of Exercise Period or surrender

- 13 All Options automatically lapse if:
 - 13.1 not exercised on or before the Last Exercise Date; or
 - 13.2 surrendered by the Participant to the Company in writing accompanied by the relevant option certificate.

Discretion of Board

- 14 Notwithstanding anything to the contrary contained in these conditions, the Board may in its absolute discretion allow a Participant that has ceased to be an Eligible Employee to exercise some or all of any Options which had vested in the Participant on or before the Participant ceased to be an Eligible Employee.

Effect of lapse

- 15 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.

Participation in new issues

- 16 A Participant may participate in new issues of securities to holders of Shares only if:
 - 16.1 the Option has been exercised; and

- 16.2 a Share has been issued in respect of the Option before the record date for determining entitlements to the new issue.

The Company must give notice to Participants of any new issue not less than 6 Business Days (or such other period required by the Listing Rules) before the record date for determining entitlements to the issue.

Adjustment for bonus issues of Shares

- 17 If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- 17.1 the number of Shares which will be issued on the exercise of the Option will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option before the record date for the bonus issue; and
- 17.2 no change will be made to the Exercise Price.

Adjustment for rights issue

- 18 If the Company makes an issue of Shares pro rata to existing Shareholders (other than a bonus issue or an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of the Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N + 1}$$

O = the old exercise price of the option.

E = the number of underlying Shares into which one option is exercisable.

P = the average market price per Share (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (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 security.

Reconstructions

- 19 If there is any reconstruction of the issued share capital of the Company, the number of Options to which each Participant is entitled, the Exercise Price, or both, or any other terms must be reconstructed in a manner determined by the Board in accordance with the Listing Rules.

Takeovers

- 20 If a takeover bid or other offer is made to acquire some or all of the issued Shares of the Company, the Board must give written notice to Participants of the takeover bid or offer (Takeover Notice) specifying a period of no less than 5 Business Days during which Options may be exercised.
- 21 Participants will be entitled in the period referred to in the Takeover Notice, to exercise all or any of their Options and to receive from the offeror the consideration payable on acceptance of the takeover bid or offer.

Compromise and arrangements

- 22 If, 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 company or companies which, if implemented, would result in a change in the Control of the Company, the Board must give written notice to Participants of the compromise or arrangement (Reconstruction Notice) specifying a period of not less than 5 Business Days during which Options may be exercised. Participants will be entitled, in the period referred to in the Reconstruction Notice, to exercise all or any of their Options.

Ability to exercise Options

- 23 The Participant may exercise all or any of their Options in accordance with Conditions 20 - 22, regardless of whether or not:
- 23.1 the Exercise Conditions have been satisfied; or
- 23.2 the first Exercise Date has arrived,
- provided that no Option will be capable of exercise later than the Last Exercise Date.

Aggregation

- 24 For the purposes of these Conditions, if a number of Options are exercised simultaneously, the number of Shares or fractions of Shares which are to be issued as a consequence of those exercises, may be aggregated. Any fraction in that aggregate number only will be disregarded in determining the total entitlement of a Participant.

Calculations and adjustments

- 25 Any calculations or adjustments which are required to be made under these Conditions will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Participants.

Advice to Participants

26 The Board must give notice to each Participant of any adjustment to the number of Shares that the Participant is entitled to subscribe for on exercise of an Option or to the Exercise Price per Share under an Option.

Interpretation

- (a) Words and expressions used have the same meanings which are given to those words and expressions under the Plan Rules.
- (b) These conditions shall be interpreted consistently with the Listing Rules.. If any of these conditions are inconsistent with the requirements of the Listing Rules, they shall be interpreted and applied so that they are consistent with the requirements of the Listing Rules.