

ASX Release

14 January 2021



Section 708A Cleansing Statement and Appendix 2A

This notice is given by ReadCloud Limited (**Company**) under Section 708A(5)(e) of the Corporations Act 2001 (Cth) (Corporation Act).

The Company hereby confirms that:

- (a) the Company has issued 150,000 ordinary fully paid shares (**Shares**) on this day at an issue price of \$0.20 (20 cents) per Share in relation to the conversion of employee options.
- (b) the Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- (c) the Company is providing this notice under paragraph 5(e) of Section 708A of the Corporations Act;
- (d) as at the date of this notice the Company, as a disclosing entity under the Corporations Act, has compiled with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company and;
 - (ii) section 674 of the Corporations Act as it applies to the Company; and
- (e) as at the date of this announcement, there is no excluded information of the type referred to in Sections 708A(7) and 708A(8) of the Corporations Act.

-Ends-

CONTACTS:

Investors & Media:

Luke Murphy, Chief Financial Officer
+61 409 933 924



About ReadCloud Limited

ReadCloud is the leading provider of eLearning software solutions, including eBooks, to Schools and the Vocational Education and Training (VET) sector in Australia. ReadCloud's proprietary eBook platform delivers digital content to students and teachers with extensive functionality, including the ability to make commentary in, and import third party content into eBooks.

Students and teachers can share notes, questions, videos and weblinks directly inside the eBooks turning the eBook into a place for discussion, collaboration and social learning, substantially improving learning outcomes.

ReadCloud sources content for its solutions from multiple publishers, delivering the full Australian school curriculum in digital form in all States, on one platform. In the Vocational Education and Training (VET) sector, ReadCloud provides over 40 digital VET courses and auspicing services to schools across Australia.

ReadCloud currently has over 120,000 users on its platform.

This announcement is authorised for release to the market by the Board of Directors of ReadCloud Limited.

Appendix 2A

Application for quotation of +securities

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

If you are an entity incorporated outside Australia and you are seeking quotation of a new class of +securities other than CDIs, you will need to obtain and provide an International Securities Identification Number (ISIN) for that class. Further information on the requirement for the notification of an ISIN is available from the Create Online Forms page. ASX is unable to create the new ISIN for non-Australian issuers.

*Denotes minimum information required for first lodgement of this form, with exceptions provided in specific notes for certain questions. The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

Part 1 – Entity and announcement details

| Question no | Question | Answer |
|-------------|--|---|
| 1.1 | *Name of entity We (the entity here named) apply for +quotation of the following +securities and agree to the matters set out in Appendix 2A of the ASX Listing Rules. ¹ | ReadCloud Limited |
| 1.2 | *Registration type and number <i>Please supply your ABN, ARSN, ARBN, ACN or another registration type and number (if you supply another registration type, please specify both the type of registration and the registration number).</i> | ABN 44 136 815 891 |
| 1.3 | *ASX issuer code | RCL |
| 1.4 | *This announcement is <i>Tick whichever is applicable.</i> | <input checked="" type="checkbox"/> A new announcement <input type="checkbox"/> An update/amendment to a previous announcement <input type="checkbox"/> A cancellation of a previous announcement |
| 1.4a | *Reason for update <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i> | N/A |
| 1.4b | *Date of previous announcement to this update <i>Mandatory only if "Update" ticked in Q1.4 above.</i> | N/A |
| 1.4c | *Reason for cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i> | N/A |
| 1.4d | *Date of previous announcement to this cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i> | N/A |

¹ Appendix 2A of the Listing Rules includes a warranty that an offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or 1012C(6) of the Corporations Act. If the securities to be quoted have been issued by way of a pro rata offer, to give this warranty, you will generally need to have lodged a cleansing notice with ASX under section 708AA(2)(f) or 1012DAA(2)(f) of the Corporations Act within 24 hours before the securities are offered (see ASIC Regulatory Guide 189 *Disclosure relief for rights issues*). If in doubt, please consult your legal adviser.

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| 1.5 | *Date of this announcement | 14 January 2021 |
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Part 2 – Type of issue

| Question No. | Question | Answer |
|--------------|--|--|
| 2.1 | <p>*The +securities to be quoted are: <i>Select whichever item is applicable.</i> <i>If you wish to apply for quotation of different types of issues of securities, please complete a separate Appendix 2A for each type of issue.</i></p> | <p><input type="checkbox"/> Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B</p> <p><input type="checkbox"/> Being issued under a +dividend or distribution plan</p> <p><input checked="" type="checkbox"/> Being issued as a result of options being exercised or other +convertible securities being converted</p> <p><input type="checkbox"/> Unquoted partly paid +securities that have been paid up and are now quoted fully paid +securities</p> <p><input type="checkbox"/> +Restricted securities where the escrow period has expired or is about to expire</p> <p><input checked="" type="checkbox"/> +Securities previously issued under an +employee incentive scheme where the restrictions on transfer have ceased or are about to cease</p> <p><input type="checkbox"/> +Securities issued under an +employee incentive scheme that are not subject to a restriction on transfer or that are to be quoted notwithstanding there is a restriction on transfer</p> <p><input type="checkbox"/> Other</p> |
| 2.2a.1 | <p>*Date of Appendix 3B notifying the market of the proposed issue of +securities for which quotation is now being sought <i>Answer this question if your response to Q2.1 is "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B"</i></p> | N/A |
| 2.2a.2 | <p>*Are there any further issues of +securities yet to take place to complete the transaction(s) referred to in the Appendix 3B? <i>Answer this question if your response to Q2.1 is "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B".</i></p> | N/A |

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| 2.2a.2.1 | <p>*Please provide details of the further issues of +securities yet to take place to complete the transaction(s) referred to in the Appendix 3B</p> <p><i>Answer this question if your response to Q2.1 is "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B" and your response to Q2.2a.2 is "Yes".</i></p> <p><i>Please provide details of the proposed dates and number of securities for the further issues. This may be the case, for example, if the Appendix 3B related to an accelerated pro rata offer with an institutional component being quoted on one date and a retail component being quoted on a later date.</i></p> | N/A |
| 2.2b.1 | <p>*Date of Appendix 3A.1 lodged with ASX in relation to the underlying +dividend or distribution</p> <p><i>Answer this question if your response to Q2.1 is "Being issued under a dividend or distribution plan".</i></p> | N/A |
| 2.2b.2 | <p>*Does the +dividend or distribution plan meet the requirement of listing rule 7.2 exception 4 that it does not impose a limit on participation?</p> <p><i>Answer this question if your response to Q2.1 is "Being issued under a dividend or distribution plan".</i></p> <p><i>Note: Exception 4 only applies where security holders are able to elect to receive all of their dividend or distribution as securities. For example, Exception 4 would not apply in the following circumstances: 1) The entity has specified a dollar limit on the level of participation e.g. security holders can only participate to a maximum value of \$x in respect of their entitlement, or 2) The entity has specified a maximum number of securities that can participate in the plan e.g. security holders can only receive securities in lieu of dividend payable for x number of securities.</i></p> | N/A |
| 2.2c.1 | <p>Please state the number and type of options that were exercised or other +convertible securities that were converted (including their ASX security code)</p> <p><i>Answer this question if your response to Q2.1 is "Being issued as a result of options being exercised or other convertible securities being converted".</i></p> | 150,000 Unlisted Options (RCLAF) exercisable at \$0.20 (20 cents), expiring 7 February 2021 |
| 2.2c.2 | <p>And the date the options were exercised or other +convertible securities were converted</p> <p><i>Answer this question if your response to Q2.1 is "Being issued as a result of options being exercised or other convertible securities being converted".</i></p> <p><i>Note: If this occurred over a range of dates, enter the date the last of the options was exercised or convertible securities was converted.</i></p> | 14 January 2021 |
| 2.2d.1 | <p>Please state the number and type of partly paid +securities (including their ASX security code) that were fully paid up</p> <p><i>Answer this question if your response to Q2.1 is "Unquoted partly paid securities that have been paid up and are now quoted fully paid securities".</i></p> | N/A |

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| 2.2d.2 | <p>And the date the +securities were fully paid up</p> <p><i>Answer this question if your response to Q2.1 is "Unquoted partly paid securities that have been paid up and are now quoted fully paid securities".</i></p> <p><i>Note: If this occurred over a range of dates, enter the date the last of the securities was fully paid up.</i></p> | N/A |
| 2.2e.1 | <p>Please state the number and type of +restricted securities (including their ASX security code) where the escrow period has expired or is about to expire</p> <p><i>Answer this question if your response to Q2.1 is "Restricted securities where the escrow period has expired or is about to expire".</i></p> | N/A |
| 2.2e.2 | <p>And the date the escrow restrictions have ceased or will cease</p> <p><i>Answer this question if your response to Q2.1 is "Restricted securities where the escrow period has expired or is about to expire".</i></p> <p><i>Note: If this occurred over a range of dates, enter the date the last of the escrow restrictions has ceased or will cease.</i></p> | N/A |
| 2.2f.1 | <p>Please state the number and type of +securities (including their ASX security code) previously issued under the +employee incentive scheme where the restrictions on transfer have ceased or are about to cease</p> <p><i>Answer this question if your response to Q2.1 is "Securities previously issued under an employee incentive scheme where the restrictions on transfer have ceased or are about to cease".</i></p> | N/A |
| 2.2f.2 | <p>And the date the restrictions on transfer have ceased or will cease:</p> <p><i>Answer this question if your response to Q2.1 is "Securities previously issued under an employee incentive scheme where the restrictions on transfer have ceased or are about to cease".</i></p> <p><i>Note: If this occurred over a range of dates, enter the date the last of the restrictions on transfer has ceased or will cease.</i></p> | N/A |
| 2.2g.1 | <p>Please state the number and type of +securities (including their ASX security code) issued under an +employee incentive scheme that are not subject to a restriction on transfer or that are to be quoted notwithstanding there is a restriction on transfer</p> <p><i>Answer this question if your response to Q2.1 is "Securities issued under an employee incentive scheme that are not subject to a restriction on transfer or that are to be quoted notwithstanding there is a restriction on transfer".</i></p> | 150,000 Unlisted Options (RCLAF) exercisable at \$0.20 (20 cents), expiring 7 February 2021 |

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| 2.2g.2 | <p>*Please attach a document or provide details of a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms.</p> <p><i>Answer this question if your response to Q2.1 is "Securities issued under an employee incentive scheme that are not subject to a restriction on transfer or that are to be quoted notwithstanding there is a restriction on transfer".</i></p> | See Annexure A | | | | | |
|-------------|--|--|---------------------------|-----------------------|--|--|--|
| 2.2g.3 | <p>*Are any of these +securities being issued to +key management personnel (KMP) or an +associate</p> <p><i>Answer this question if your response to Q2.1 is "Securities issued under an employee incentive scheme that are not subject to a restriction on transfer or that are to be quoted notwithstanding there is a restriction on transfer".</i></p> | No | | | | | |
| 2.2g.3.a | <p>*Provide details of the recipients and the number of +securities issued to each of them.</p> <p><i>Answer this question if your response to Q2.1 is "Securities issued under an employee incentive scheme that are not subject to a restriction on transfer or that are to be quoted notwithstanding there is a restriction on transfer" and your response to Q2.2g.3 is "Yes". Repeat the detail in the table below for each KMP involved in the issue. If the securities are being issued to the KMP, repeat the name of the KMP or insert "Same" in "Name of registered holder". If the securities are being issued to an associate of a KMP, insert the name of the associate in "Name of registered holder".</i></p> <table border="1" data-bbox="336 967 1362 1066"> <thead> <tr> <th data-bbox="336 967 675 1016">Name of KMP</th> <th data-bbox="675 967 1046 1016">Name of registered holder</th> <th data-bbox="1046 967 1362 1016">Number of +securities</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 1016 675 1066"></td> <td data-bbox="675 1016 1046 1066"></td> <td data-bbox="1046 1016 1362 1066"></td> </tr> </tbody> </table> | Name of KMP | Name of registered holder | Number of +securities | | | |
| Name of KMP | Name of registered holder | Number of +securities | | | | | |
| | | | | | | | |
| 2.2h.1 | <p>*The purpose(s) for which the entity is issuing the +securities is:</p> <p><i>Answer this question if your response to Q2.1 is "Other".</i></p> <p><i>You may select one or more of the items in the list.</i></p> | <p><input type="checkbox"/> To raise additional working capital</p> <p><input type="checkbox"/> To fund the retirement of debt</p> <p><input type="checkbox"/> To pay for the acquisition of an asset [provide details below]</p> <p><input type="checkbox"/> To pay for services rendered [provide details below]</p> <p><input type="checkbox"/> Other [provide details below]</p> <p><i>Additional details:</i></p> | | | | | |
| 2.2h.2 | <p>*Please provide any further information needed to understand the circumstances in which you are applying to have these +securities quoted on ASX, including (if applicable) why the issue of the +securities has not been previously announced to the market in an Appendix 3B</p> <p><i>You must answer this question if your response to Q2.1 is "Other". If there is no other information to provide, please answer "Not applicable" or "N/A".</i></p> | N/A | | | | | |
| 2.2i | <p>*Are these +securities being offered under a +disclosure document or +PDS?</p> <p><i>Answer this question if your response to Q2.1 is any option other than "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B".</i></p> | No | | | | | |

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| 2.2i.1 | <p>*Date of +disclosure document or +PDS?</p> <p><i>Answer this question if your response to Q2.1 is any option other than "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B" and your response to Q2.2i is "Yes".</i></p> <p><i>Under the Corporations Act, the entity must apply for quotation of the securities within 7 days of the date of the disclosure document or PDS.</i></p> | N/A |
| 2.3 | <p>*The +securities to be quoted are:</p> <p><i>Tick whichever is applicable</i></p> | <input checked="" type="checkbox"/> Additional +securities in a class that is already quoted on ASX ("existing class") <input type="checkbox"/> New +securities in a class that is not yet quoted on ASX ("new class") |

Part 3A – number and type of +securities to be quoted (existing class or new class) where issue has previously been notified to ASX in an Appendix 3B

Answer the questions in this Part if your response to Q2.1 is "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B" and your response to Q2.3 is "existing class" or "new class".

| Question No. | Question | Answer |
|--------------|-------------------------------------|--------|
| 3A.1 | *ASX security code & description | N/A |
| 3A.2 | *Number of +securities to be quoted | N/A |

Part 3B – number and type of +securities to be quoted (existing class) where issue has not previously been notified to ASX in an Appendix 3B

Answer the questions in this Part if your response to Q2.1 is anything other than "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B" and your response to Q2.3 is "existing class".

| Question No. | Question | Answer |
|--------------|--|--------------------------------|
| 3B.1 | *ASX security code & description | RCL Ordinary Fully Paid Shares |
| 3B.2 | *Number of +securities to be quoted | 150,000 |
| 3B.3a | *Will the +securities to be quoted rank equally in all respects from their issue date with the existing issued +securities in that class? | Yes |
| 3B.3b | <p>*Is the actual date from which the +securities will rank equally (non-ranking end date) known?</p> <p><i>Answer this question if your response to Q3B.3a is "No".</i></p> | N/A |
| 3B.3c | <p>*Provide the actual non-ranking end date</p> <p><i>Answer this question if your response to Q3B.3a is "No" and your response to Q3B.3b is "Yes".</i></p> | N/A |
| 3B.3d | <p>*Provide the estimated non-ranking end period</p> <p><i>Answer this question if your response to Q3B.3a is "No" and your response to Q3B.3b is "No".</i></p> | N/A |

| | | |
|-------|--|-----|
| 3B.3e | <p>*Please state the extent to which the +securities do not rank equally:</p> <ul style="list-style-type: none"> • in relation to the next dividend, distribution or interest payment; or • for any other reason <p><i>Answer this question if your response to Q3B.3a is "No".</i></p> <p><i>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</i></p> | N/A |
|-------|--|-----|

Part 3C – number and type of +securities to be quoted (new class) where issue has not previously been notified to ASX in an Appendix 3B

Answer the questions in this Part if your response to Q2.1 is anything other than "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B" and your response to Q2.3 is "new class".

| Question No. | Question | Answer |
|--------------|--|--|
| 3C.1 | *Security description | N/A |
| 3C.2 | <p>*Security type</p> <p><i>Select one item from the list that best describes the securities the subject of this form. This will determine more detailed questions to be asked about the security later in this section. Select "ordinary fully or partly paid shares/units" for stapled securities or CDIs. For interest rate securities, please select the appropriate choice from either "Convertible debt securities" or "Non-convertible debt securities". Select "Other" for performance shares/units and performance options/rights or if the selections available in the list do not appropriately describe the security being issued.</i></p> | <input type="checkbox"/> Ordinary fully or partly paid shares/units <input type="checkbox"/> Options <input type="checkbox"/> +Convertible debt securities <input type="checkbox"/> Non-convertible +debt securities <input type="checkbox"/> Redeemable preference shares/units <input type="checkbox"/> Other |
| 3C.3 | <p>ISIN code</p> <p><i>Answer this question if you are an entity incorporated outside Australia and you are seeking quotation of a new class of securities other than CDIs. See also the note at the top of this form.</i></p> | N/A |
| 3C.4 | *Number of +securities to be quoted | N/A |
| 3C.5a | *Will all the +securities issued in this class rank equally in all respects from the issue date? | N/A |
| 3C.5b | <p>*Is the actual date from which the +securities will rank equally (non-ranking end date) known?</p> <p><i>Answer this question if your response to Q3C.5a is "No".</i></p> | N/A |
| 3C.5c | <p>*Provide the actual non-ranking end date</p> <p><i>Answer this question if your response to Q3C.5a is "No" and your response to Q3C.5b is "Yes".</i></p> | N/A |
| 3C.5d | <p>*Provide the estimated non-ranking end period</p> <p><i>Answer this question if your response to Q3C.5a is "No" and your response to Q3C.5b is "No".</i></p> | N/A |

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| 3C.5e | <p>*Please state the extent to which the +securities do not rank equally:</p> <ul style="list-style-type: none"> in relation to the next dividend, distribution or interest payment; or for any other reason <p><i>Answer this question if your response to Q3C.5a is "No".</i></p> <p><i>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</i></p> | N/A | | | | | | | | | | | | | | | | | | |
|----------------------------|---|--------------------------------------|----------------------------|-------------------|--------------------------------------|-----------|--|--|---------------|--|--|----------------|--|--|------------------|--|--|------------------|--|--|
| 3C.6 | <p>Please attach a document or provide a URL link for a document lodged with ASX setting out the material terms of the +securities to be quoted</p> <p><i>You may cross-reference a disclosure document, PDS, information memorandum, investor presentation or other announcement with this information provided it has been released to the ASX Market Announcements Platform.</i></p> | N/A | | | | | | | | | | | | | | | | | | |
| 3C.7 | <p>*Have you received confirmation from ASX that the terms of the +securities are appropriate and equitable under listing rule 6.1?</p> <p><i>Answer this question only if you are an ASX Listing. (ASX Foreign Exempt Listings and ASX Debt Listings do not have to answer this question).</i></p> <p><i>If your response is "No" and the securities have any unusual terms, you should approach ASX as soon as possible for confirmation under listing rule 6.1 that the terms are appropriate and equitable.</i></p> | N/A | | | | | | | | | | | | | | | | | | |
| 3C.8 | <p>*Provide a distribution schedule for the new +securities according to the categories set out in the left hand column – including the number of recipients and the total percentage of the new +securities held by the recipients in each category.</p> <table border="1" data-bbox="339 1294 1409 1619"> <thead> <tr> <th data-bbox="339 1294 699 1373">Number of +securities held</th> <th data-bbox="699 1294 1058 1373">Number of holders</th> <th data-bbox="1058 1294 1409 1373">Total percentage of +securities held</th> </tr> </thead> <tbody> <tr> <td data-bbox="339 1373 699 1429">1 – 1,000</td> <td data-bbox="699 1373 1058 1429"></td> <td data-bbox="1058 1373 1409 1429"></td> </tr> <tr> <td data-bbox="339 1429 699 1473">1,001 – 5,000</td> <td data-bbox="699 1429 1058 1473"></td> <td data-bbox="1058 1429 1409 1473"></td> </tr> <tr> <td data-bbox="339 1473 699 1518">5,001 – 10,000</td> <td data-bbox="699 1473 1058 1518"></td> <td data-bbox="1058 1473 1409 1518"></td> </tr> <tr> <td data-bbox="339 1518 699 1563">10,001 – 100,000</td> <td data-bbox="699 1518 1058 1563"></td> <td data-bbox="1058 1518 1409 1563"></td> </tr> <tr> <td data-bbox="339 1563 699 1619">100,001 and over</td> <td data-bbox="699 1563 1058 1619"></td> <td data-bbox="1058 1563 1409 1619"></td> </tr> </tbody> </table> <p><i>Answer this question only if you are an ASX Listing (ASX Foreign Exempt Listings and ASX Debt Listings do not have to answer this question) and the securities to be quoted have already been issued.</i></p> <p><i>Note: if the securities to be quoted have not yet been issued, under listing rule 3.10.5, you will need to provide to ASX a list of the 20 largest recipients of the new +securities, and the number and percentage of the new +securities received by each of those recipients, and a distribution schedule for the securities when they are issued.</i></p> | | Number of +securities held | Number of holders | Total percentage of +securities held | 1 – 1,000 | | | 1,001 – 5,000 | | | 5,001 – 10,000 | | | 10,001 – 100,000 | | | 100,001 and over | | |
| Number of +securities held | Number of holders | Total percentage of +securities held | | | | | | | | | | | | | | | | | | |
| 1 – 1,000 | | | | | | | | | | | | | | | | | | | | |
| 1,001 – 5,000 | | | | | | | | | | | | | | | | | | | | |
| 5,001 – 10,000 | | | | | | | | | | | | | | | | | | | | |
| 10,001 – 100,000 | | | | | | | | | | | | | | | | | | | | |
| 100,001 and over | | | | | | | | | | | | | | | | | | | | |
| 3C.9a | <p>Ordinary fully or partly paid shares/units details</p> <p><i>Answer the questions in this section if you selected this security type in your response to Question 3C.2.</i></p> | | | | | | | | | | | | | | | | | | | |
| | <p>*+Security currency</p> <p><i>This is the currency in which the face amount of an issue is denominated. It will also typically be the currency in which distributions are declared.</i></p> | N/A | | | | | | | | | | | | | | | | | | |
| | <p>*Will there be CDIs issued over the +securities?</p> | N/A | | | | | | | | | | | | | | | | | | |

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| | <p>*CDI ratio <i>Answer this question if you answered "Yes" to the previous question. This is the ratio at which CDIs can be transmuted into the underlying security (e.g. 4:1 means 4 CDIs represent 1 underlying security whereas 1:4 means 1 CDI represents 4 underlying securities).</i></p> | N/A |
| | <p>*Is it a partly paid class of +security?</p> | N/A |
| | <p>*Paid up amount: unpaid amount <i>Answer this question if answered "Yes" to the previous question.</i> <i>The paid up amount represents the amount of application money and/or calls which have been paid on any security considered 'partly paid'</i> <i>The unpaid amount represents the unpaid or yet to be called amount on any security considered 'partly paid'.</i> <i>The amounts should be provided per the security currency (e.g. if the security currency is AUD, then the paid up and unpaid amount per security in AUD).</i></p> | N/A |
| | <p>*Is it a stapled +security? <i>This is a security class that comprises a number of ordinary shares and/or ordinary units issued by separate entities that are stapled together for the purposes of trading.</i></p> | N/A |
| 3C.9b | <p>Option details <i>Answer the questions in this section if you selected this security type in your response to Question 3C.2.</i></p> | |
| | <p>*+Security currency <i>This is the currency in which the exercise price is payable.</i></p> | N/A |
| | <p>*Exercise price <i>The price at which each option can be exercised and convert into the underlying security.</i> <i>The exercise price should be provided per the security currency (i.e. if the security currency is AUD, the exercise price should be expressed in AUD).</i></p> | N/A |
| | <p>*Expiry date <i>The date on which the options expire or terminate.</i></p> | N/A |
| | <p>*Details of the number and type of +security (including its ASX security code if the +security is quoted on ASX) that will be issued if an option is exercised <i>For example, if the option can be exercised to receive one fully paid ordinary share with ASX security code ABC, please insert "One fully paid ordinary share (ASX:ABC)".</i></p> | N/A |

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| | | |
|-------|---|--|
| 3C.9c | <p>Details of non-convertible +debt securities, +convertible debt securities, or redeemable preference shares/units</p> <p>Answer the questions in this section if you selected one of these security types in your response to Question 3C.2.</p> <p>Refer to Guidance Note 34 and the <u>"Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities"</u> for further information on certain terms used in this section</p> | |
| | <p>*Type of +security Select one item from the list</p> | <p><input type="checkbox"/> Simple corporate bond</p> <p><input type="checkbox"/> Non-convertible note or bond</p> <p><input type="checkbox"/> Convertible note or bond</p> <p><input type="checkbox"/> Preference share/unit</p> <p><input type="checkbox"/> Capital note</p> <p><input type="checkbox"/> Hybrid security</p> <p><input type="checkbox"/> Other</p> |
| | <p>*+Security currency This is the currency in which the face value of the security is denominated. It will also typically be the currency in which interest or distributions are paid.</p> | N/A |
| | <p>Face value This is the principal amount of each security. The face value should be provided per the security currency (i.e. if security currency is AUD, then the face value per security in AUD).</p> | N/A |
| | <p>*Interest rate type Select one item from the list Select the appropriate interest rate type per the terms of the security. Definitions for each type are provided in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities</p> | <p><input type="checkbox"/> Fixed rate</p> <p><input type="checkbox"/> Floating rate</p> <p><input type="checkbox"/> Indexed rate</p> <p><input type="checkbox"/> Variable rate</p> <p><input type="checkbox"/> Zero coupon/no interest</p> <p><input type="checkbox"/> Other</p> |
| | <p>Frequency of coupon/interest payments per year Select one item from the list.</p> | <p><input type="checkbox"/> Monthly</p> <p><input type="checkbox"/> Quarterly</p> <p><input type="checkbox"/> Semi-annual</p> <p><input type="checkbox"/> Annual</p> <p><input type="checkbox"/> No coupon/interest payments</p> <p><input type="checkbox"/> Other</p> |
| | <p>First interest payment date A response is not required if you have selected "No coupon/interest payments" in response to the question above on the frequency of coupon/interest payments</p> | N/A |
| | <p>Interest rate per annum Answer this question if the interest rate type is fixed.</p> | N/A |
| | <p>*Is the interest rate per annum estimated at this time? Answer this question if the interest rate type is fixed.</p> | N/A |
| | <p>If the interest rate per annum is estimated, then what is the date for this information to be announced to the market (if known) Answer this question if the interest rate type is fixed and your response to the previous question is "Yes". Answer "Unknown" if the date is not known at this time.</p> | N/A |

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|--|---|--|
| | <p>*Does the interest rate include a reference rate, base rate or market rate (e.g. BBSW or CPI)?</p> <p><i>Answer this question if the interest rate type is floating or indexed.</i></p> | N/A |
| | <p>*What is the reference rate, base rate or market rate?</p> <p><i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p> | N/A |
| | <p>*Does the interest rate include a margin above the reference rate, base rate or market rate?</p> <p><i>Answer this question if the interest rate type is floating or indexed.</i></p> | N/A |
| | <p>*What is the margin above the reference rate, base rate or market rate (expressed as a percent per annum)</p> <p><i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p> | N/A |
| | <p>*S128F of the Income Tax Assessment Act status applicable to the +security</p> <p><i>Select one item from the list</i></p> <p><i>For financial products which are likely to give rise to a payment to which s128F of the Income Tax Assessment Act applies, ASX requests issuers to confirm the s128F status of the security:</i></p> <ul style="list-style-type: none"> • "s128F exempt" means interest payments are not taxable to non-residents; • "Not s128F exempt" means interest payments are taxable to non-residents; • "s128F exemption status unknown" means the issuer is unable to advise the status; • "Not applicable" means s128F is not applicable to this security | <input type="checkbox"/> s128F exempt <input type="checkbox"/> Not s128F exempt <input type="checkbox"/> s128F exemption status unknown <input type="checkbox"/> Not applicable |
| | <p>*Is the +security perpetual (i.e. no maturity date)?</p> | N/A |
| | <p>*Maturity date</p> <p><i>Answer this question if the security is not perpetual</i></p> | N/A |

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| | | |
|--|--|---|
| | <p>*Select other features applicable to the +security</p> <p><i>Up to 4 features can be selected. Further information is available in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities.</i></p> | <input type="checkbox"/> Simple <input type="checkbox"/> Subordinated <input type="checkbox"/> Secured <input type="checkbox"/> Converting <input type="checkbox"/> Convertible <input type="checkbox"/> Transformable <input type="checkbox"/> Exchangeable <input type="checkbox"/> Cumulative <input type="checkbox"/> Non-Cumulative <input type="checkbox"/> Redeemable <input type="checkbox"/> Extendable <input type="checkbox"/> Reset <input type="checkbox"/> Step-Down <input type="checkbox"/> Step-Up <input type="checkbox"/> Staped <input type="checkbox"/> None of the above |
| | <p>*Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?</p> | N/A |
| | <p>*If yes, what is the first trigger date</p> <p><i>Answer this question if your response to the previous question is "Yes".</i></p> | N/A |
| | <p>Details of the number and type of +security (including its ASX security code if the +security is quoted on ASX) that will be issued if the +securities to be quoted are converted, transformed or exchanged</p> <p><i>Answer this question if the security features include "converting", "convertible", "transformable" or "exchangeable".</i></p> <p><i>For example, if the security can be converted into 1,000 fully paid ordinary shares with ASX security code ABC, please insert "1,000 fully paid ordinary shares (ASX:ABC)".</i></p> | N/A |

Part 4 – Issue details

| Question No. | Question | Answer |
|--------------|--|-----------------|
| 4.1 | *Have the +securities to be quoted been issued yet? | Yes |
| 4.1a | *What was their date of issue? <i>Answer this question if your response to Q4.1 is "Yes".</i> | 14 January 2021 |
| 4.1b | *What is their proposed date of issue? <i>Answer this question if your response to Q4.1 is "No".</i> | N/A |
| 4.2 | *Are the +securities to be quoted being issued for a cash consideration? <i>If the securities are being issued for nil cash consideration, answer this question "No".</i> | Yes |

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|------|---|--|
| 4.2a | *In what currency is the cash consideration being paid <i>For example, if the consideration is being paid in Australian Dollars, state AUD. Answer this question if your response to Q4.2 is "Yes".</i> | AUD |
| 4.2b | *What is the issue price per +security <i>Answer this question if your response to Q4.2 is "Yes" and by reference to the issue currency provided in your response to Q4.2a. Note: you cannot enter a nil amount here. If the securities are being issued for nil cash consideration, answer Q4.2 as "No" and complete Q4.2c and Q4.2d.</i> | \$0.20 (20 cents) per security |
| 4.2c | Please describe the consideration being provided for the +securities to be quoted <i>Answer this question if your response to Q4.2 is "No".</i> | N/A |
| 4.2d | Please provide an estimate (in AUD) of the value of the consideration being provided per +security for the +securities to be quoted <i>Answer this question if your response to Q4.2 is "No".</i> | N/A |
| 4.3 | Any other information the entity wishes to provide about the issue | Exercise of Unlisted Options by an employee of the Company |

Part 5 – Issued capital following quotation

| <p>Following the quotation of the +securities the subject of this application, the issued capital of the entity will comprise:</p> <p><i>Note: the figures provided in the tables in sections 5.1 and 5.2 below are used to calculate the total market capitalisation of the entity published by ASX from time to time. Please make sure you include in the relevant table each class of securities issued by the entity.</i></p> <p><i>If you have quoted CHESS Depository Interests (CDIs) issued over your securities, include them in the table in section 5.1 and include in the table in section 5.2 any securities that do not have CDIs issued over them (and therefore are not quoted on ASX).</i></p> <p><i>Restricted securities should only be included in the table in section 5.1 if you are applying to have them quoted because the escrow period for the securities has expired or is about to expire. Otherwise include them in the table in section 5.2.</i></p> | | | | | |
|---|---|-----------------------------------|--------------------------------------|---------------------------------|-------------|
| 5.1 | <p>*Quoted +securities (total number of each +class of +securities quoted on ASX following the +quotation of the +securities the subject of this application)</p> <table border="1"> <thead> <tr> <th>ASX security code and description</th> <th>Total number of +securities on issue</th> </tr> </thead> <tbody> <tr> <td>RCL: ORDINARY FULLY PAID SHARES</td> <td>118,192,511</td> </tr> </tbody> </table> | ASX security code and description | Total number of +securities on issue | RCL: ORDINARY FULLY PAID SHARES | 118,192,511 |
| ASX security code and description | Total number of +securities on issue | | | | |
| RCL: ORDINARY FULLY PAID SHARES | 118,192,511 | | | | |

| | | |
|-----|---|--------------------------------------|
| 5.2 | *Unquoted +securities (total number of each +class of +securities issued but not quoted on ASX): | |
| | ASX security code and description | Total number of +securities on issue |
| | RCLAF: OPTIONS EX 20C, EXP 07.02.2021 | 125,000 |
| | RCLAF: OPTIONS EX 20C, EXP 07.02.2022 | 75,000 |
| | RCLAF: OPTIONS EX 33C, EXP 07.05.2022 | 300,000 |
| | RCLAF: OPTIONS EX 41C, EXP 17.07.2022 | 360,000 |
| | RCLAF: OPTIONS EX 35C, EXP 14.12.2021 | 180,000 |
| | RCLAF: OPTIONS EX 34C, EXP 12.07.2022 | 250,000 |
| | RCLAF: OPTIONS EX 28C, EXP 02.07.2023 | 100,000 |

Part 6 – Other Listing Rule requirements

The questions in this Part should only be answered if you are an ASX Listing (ASX Foreign Exempt Listings and ASX Debt Listings do not need to complete this Part) and:

- your response to Q2.1 is "Being issued under a dividend/distribution plan" and the response to Q2.2b.2 is "No"; or
- your response to Q2.1 is "Other".

Note that if your response to Q2.1 is "Being issued as part of a transaction or transactions previously announced to the market in an Appendix 3B", it is assumed that you will have provided the information referred to in this Part in the Appendix 3B.

| Question No. | Question | Answer |
|--------------|--|--------|
| 6.1 | *Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1? | N/A |
| 6.1a | *Date of meeting or proposed meeting to approve the issue under listing rule 7.1 <i>Answer this question if the response to Q6.1 is "Yes".</i> | N/A |
| 6.1b | *Are any of the +securities being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No".</i> | N/A |
| 6.1b.1 | *How many +securities are being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No" and the response to Q6.1b is "Yes".</i> <i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure B to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1 to issue that number of securities.</i> | N/A |
| 6.1c | *Are any of the +securities being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)? <i>Answer this question if the response to Q6.1 is "No".</i> | N/A |

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| | | |
|--------|--|-----|
| 6.1c.1 | <p>*How many +securities are being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A?</p> <p><i>Answer this question if the response to Q6.1 is "No" and the response to Q6.1c is "Yes".</i></p> <p><i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure C to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1A to issue that number of securities.</i></p> | N/A |
|--------|--|-----|

Introduced 01/12/19, amended 31/01/20

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Employee Share Option Plan Rules

ReadCloud Limited (**Company**)

(Adopted by the Board on 24 October 2017)

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Plan Rules

1. INTRODUCTION

1.1 Name of Plan

The Plan is called the ReadCloud Employee Share Option Plan 2017.

1.2 Objects of Plan

The objects of the Plan are to:

- (a) retain Eligible Employees by providing them with an incentive to remain employed or engaged with the Group in the long term;
- (b) recognise the ongoing ability of Eligible Employees and their expected efforts and contribution in the long term to the performance and success of the Group; and
- (c) provide Eligible Employees with the opportunity to acquire Shares in the Company in accordance with these Rules,

with the result of aligning interests between the company and Eligible Employees.

1.3 Commencement of Plan

The Plan commences on the date determined by the Board.

1.4 Advice

The Company is not responsible for the consequences of participation in the Plan by Eligible Employees, who should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

2. DEFINED TERMS & INTERPRETATION

2.1 Defined terms

In these Rules:

Application Form means an application for the issue of Options, in the form approved by the Board from time to time;

ASX means the Australian Securities Exchange;

Board means the Board of the Company or any committee of the Board to which it has delegated power to administer the Plan, from time to time;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Victoria;

Change of Control means the occurrence of one or more of:

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- (a) a takeover bid is announced for all of the Shares and the bidder has acquired voting power in more than 50% of the Shares;
 - (b) a court sanctions a compromise or arrangement for the purpose of, or in connection with a scheme for the amalgamation of the Company with any other entity in accordance with Part 5.1 of the Corporations Act;
 - (c) approval has been given by a resolution of shareholders of the Company to an acquisition which would result in a person having a voting power in more than 50% of the Shares; or
 - (d) any other similar circumstance determined by the Board;

Change of Control Date has the meaning given to it in Rule 13.1;

Change of Control Notice has the meaning given to it in Rule 13.1;

Constitution means the constitution of the Company from time to time;

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

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

Date of Issue means, with respect to a Share issued on exercise of an Option, the date on which the Board issues the Share to the Eligible Employee;

Eligible Employee means an Employee whom the Board determines is to receive an Offer under the Plan;

Employee means, for the purposes of this Plan:

- (a) an individual whom the Board determines to be in the full-time or part-time employment of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Board);
- (b) a director of a body corporate in the Group holding a salaried employment or office in a body corporate in the Group;
- (c) a director of the Company;
- (d) an individual providing services to a body corporate in the Group whom the Board determines to be an Employee for the purposes of the Plan;
- (e) an individual whose associate (as defined in section 139GE of the Income Tax Assessment Act 1936) provides services to a body corporate in the Group, which individual the Board determines to be an Employee for the purposes of the Plan; or
- (f) an individual otherwise in the employment of a body corporate in the Group whom the Board determines to be an Employee for the purposes of the Plan,

but for the avoidance of doubt does not impute an employee/employer relationship for any purpose;

Exercise Conditions means the performance, Vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised.

Exercise Date means, in respect of an Option:

- (a) subject to paragraph (b), 10 Business Days after the Company receives an Exercise Notice in respect of that Option delivered in accordance with Rule 9; or
- (b) the Change of Control Date, if the Company receives an Exercise Notice in respect of that Option delivered as a result of the operation of Rule 13.2;

Exercise Notice means a notice stating that a Participant wants to exercise the Options the subject of the notice, in the form approved by the Board from time to time;

Exercise Period means, in respect of an Option:

- (a) the period:
 - (i) commencing on the date the Exercise Conditions are satisfied or waived in full; and
 - (ii) ending on the date the Option lapses in accordance with Rule 10.1;
- (b) if an Change of Control Notice is delivered, the period prior to the Change of Control Date until the Change of Control Date; or
- (c) such other the period designated by the Board;

Exercise Price means, in respect of an Option, the price to be paid on the exercise of the Option as determined by the Board and set out in an Offer and on the certificate issued under Rule 7.3, subject to the adjustment in accordance with these Rules;

Group means the Company and its Subsidiaries from time to time;

Involuntary Leaver A means any Participant who ceases to be employed or engaged by a member of the Group:

- (a) as a result of the death, illness (including mental illness), serious disability or permanent incapacity through ill health (as determined by the Board, acting reasonably) of the Participant; or
- (b) in exceptional circumstances where the Board determines the Participant should be treated as an Involuntary Leaver A;

Involuntary Leaver B means any Participant who ceases to be employed or engaged by a member of the Group:

- (a) as a result of a breach by the member of the Group of the Participant's employment contract, constructive dismissal by the member of the Group of the Participant or the Participant being made redundant; or
- (b) in exceptional circumstances where the Board determines the Participant should be treated as an Involuntary Leaver B;

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by a person;

Listing Rules means the ASX Listing Rules;

Nominee has the meaning given in Rule 5.3(b);

Option means an option granted to a Participant under the Plan to be issued a Share under the Plan;

Offer means an invitation to an Eligible Employee to apply for a grant of Options in accordance with Rule 5.2;

Offer Period means, in respect of an Offer, the period of time in which the Offer may be accepted by the Eligible Employee;

Participant means, subject to Rule 5.3(b), a person holding Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

Plan means the ReadCloud Employee Share Option Plan 2017 governed by these Rules;

Related Party means in respect of:

- (a) a body corporate, anyone who is an associate of that body corporate under sections 11 to 15 (inclusive) of the Corporations Act; and
- (b) an individual, an Associate of that individual as defined in section 318 of the *Income Tax Assessment Act 1936*;

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

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature;

Share means a share in the Company;

Subsidiary has the meaning given in the Corporations Act;

Tax includes any tax, levy, impost, value added tax, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing;

Vest means in relation to an Option, means the point in time after which the Option becomes freely exercisable by its holder due to satisfaction or waiver of all Exercise Conditions, or otherwise in accordance with these Rules; and

Voluntary Leaver means any Participant who ceases to be employed or engaged by a member of the Group and who is not an Involuntary Leaver A or Involuntary Leaver B.

2.2 Interpretation

In this document, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a rule, paragraph, schedule or annexure is to a rule or paragraph of, or schedule or annexure to, this document, and a reference to this document includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to time is to Melbourne, Australia time;
- (f) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (h) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (i) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (j) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (k) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

2.3 Primary Instruments

These Rules are to be interpreted subject to the Constitution and the Corporations Act.

2.4 Headings

Headings are for ease of reference only and do not affect interpretation.

3. OPERATION OF THE PLAN

3.1 Plan operates in accordance with Rules

The Plan operates in accordance with these Rules.

3.2 Rules binding

These Rules bind the Company, each Subsidiary and each Participant.

4. PRINCIPAL CONDITIONS

4.1 Options issued only to Employees

An Option may not be issued to a person under the Plan unless the person is an Employee as at the Date of Grant, or the Board determines otherwise.

4.2 Compliance with laws

An:

- (a) Option may not be offered or issued to, Vest or be exercised by, an Eligible Employee or Participant; or
- (b) Share may not be issued to an Eligible Employee or Participant on exercise of an Option,

if to do so would:

- (c) contravene the Constitution, the Corporations Act, the Listing Rules (while applicable to the Company) or any applicable law; or
- (d) cause the Company to have to produce any offering document or make filings with any regulatory authority in order to comply with any applicable law, where the Board believes that to do so would place an unreasonable burden on the Company.

4.3 Offers to Directors

Options may not be offered or issued to Directors or their Nominee under the Plan unless prior approval of the Company's shareholders has been obtained under the Listing Rules (as required).

4.4 Shareholder approval otherwise required

To the extent that exercise of the Board's discretion under these Rules or any other amendment of the terms of a Participant's Offer would trigger the requirement for shareholder approval under the Corporations Act (including under section 200B of that Act) or the Listing Rules, the Company will use reasonable endeavours to obtain that shareholder approval as promptly as possible, and the exercise of the discretion or other amendments will be conditional upon shareholder approval being obtained.

4.5 Dilution limit

An Offer of Options must not be made if the total of:

- (a) The number of Shares which are the subject of the Offer of Options; and
- (b) underlying Shares issued or that may be issued as a result of any Offers of Options, or similar offer of Shares under a predecessor or other employee

incentive plan, made at any time during the previous 3-year period in reliance of Class Order relief granted by ASIC;

would exceed 5% of the number of Shares on issue at the time of the Offer.

5. OFFERS

5.1 Board may make Offer

Subject to these Rules, the Board may from time to time make an Offer to any Eligible Employee.

5.2 Form of Offer

An Offer must be in writing and state:

- (a) the name and address of the Eligible Employee to whom the Offer is made;
- (b) the date of the Offer;
- (c) the number of Options for which the Eligible Employee may apply;
- (d) the proposed Date of Grant of the relevant Options;
- (e) the Offer Period;
- (f) the Exercise Conditions (if any) attaching to the relevant Options;
- (g) the general terms of issue of the Options; and
- (h) any other specific terms and conditions applicable to the Offer; and

otherwise be in the form approved by the Board from time to time.

5.3 Offer personal

- (a) Subject to Rule 5.3(b), each Offer is personal to the Eligible Employee to whom it is made. Only the Eligible Employee to whom an Offer is made may accept the invitation constituted by an Offer and the Company may only issue the Options referred to the Offer to that Eligible Employee.
- (b) An Eligible Employee may nominate a Related Party or such other person approved by the Board to receive the Options on their behalf (**Nominee**). If an Eligible Employee nominates a Nominee, then the Eligible Employee and the Nominee will be deemed to be jointly a Participant for the purposes of the Plan and these Rules shall be read accordingly.
- (c) If, at any time while a Nominee holds Options, a Nominee is no longer a Related Party of the relevant Eligible Employee or a person approved by the Board, the Nominee must promptly do all things necessary to transfer the Options to the relevant Eligible Employee, another Related Party of the relevant Eligible Employee or another person approved by the Board. All rights attaching to the Options are suspended until that transfer takes place.

6. APPLICATION FOR OPTIONS

6.1 Acceptance of Offer

An Eligible Employee may accept the invitation constituted by an Offer by giving to the Company duly completed and executed Application Form (and any funds payable to accept the Offer) within the Offer Period.

6.2 Application for all or some Options

An Eligible Employee may, in his or her discretion, accept the invitation constituted by an Offer, in whole or in part, in multiples of 100 Options or any other multiple approved by Board for the Eligible Employee.

6.3 Lapse of Offer

An Offer not accepted in accordance with Rule 6.1 lapses on the expiry of the Offer Period unless the Board determines otherwise.

6.4 Withdrawal prior to acceptance

An Offer not yet accepted in accordance with Rule 6.1 may be withdrawn by the Board in its discretion.

7. GRANT OF OPTIONS

7.1 Acceptance of application and issue

If an Eligible Employee delivers a duly completed and executed Application Form before the expiry of the Offer Period, the Company may, subject to the conditions of the Offer, accept the Application Form and on that acceptance grant to the Eligible Employee all of the Options the subject of the Application Form.

7.2 Eligible Employee becomes a Participant

An Eligible Employee becomes a Participant and is bound by these Rules when the Company grants Options to the Eligible Employee.

7.3 Certificates

Except as otherwise agreed with a Participant, the Company must give to each Participant one or more certificates or a statement setting out:

- (a) the number of Options granted to the Participant;
- (b) the Exercise Price of those Options; and
- (c) the Date of Grant of those Options.

7.4 Consideration for Options

Except as set out in an Offer:

- (a) the consideration for the grant of Options to an Eligible Employee is the services expected of an Eligible Employee to or for the benefit of the Group; and
- (b) an Eligible Employee does not have to pay money or give other consideration for the grant of an Option.

7.5 Entitlement to underlying Shares

Each Option confers on its holder the entitlement to acquire a number of Shares, in accordance with and subject to, these Rules.

7.6 Interest in Shares

A Participant has no right to a Share (and attached rights) the subject of an Option held by the Participant unless and until the Share is issued to that Participant under these Rules.

7.7 Confidentiality

A Participant must keep confidential all details of Options held or offered under these Rules unless permission to disclose details has been given by the Board or is required to be disclosed under law or applicable regulation (including the Listing Rules).

7.8 ASX Quotation

The Company will not apply for the quotation of Options on ASX.

8. VESTING

8.1 Exercise Conditions

Subject to Rules 8.3, 8.4 and 13.2, a Participant may not exercise an Option unless and until all Exercise Conditions specified in the Offer relating to the Option has been satisfied, reached or met.

8.2 Vesting notice

If any Options Vest, the Company must notify the Participant of the Vesting within 10 Business Days of the date of Vesting.

8.3 Waiver of Exercise Conditions

The Board may, at its discretion, by notice to the Participant reduce or waive the Exercise Conditions attaching to an Option in whole or in part at any time and in any particular case.

8.4 Vesting on cessation

If the Participant is an Involuntary Leaver A or Involuntary Leaver B, the Participant's Options Vest on the date the Participant ceases to be employed or engaged by a member of the Group.

9. EXERCISE

9.1 Exercise of Option during Exercise Period

A Participant may exercise an Option at any time during the Exercise Period for the Option by giving the Company:

- (a) a duly completed and executed Exercise Notice;
- (b) the Exercise Price (if any) for those Options in cleared funds; and
- (c) any certificate for those Options.

9.2 Issue of Shares

Subject to these Rules and in particular Rule 4.2, the Company will issue a Share on exercise of an Option on the relevant Exercise Date.

9.3 Shares rank equally

- (a) Unless otherwise provided in an Exercise Notice and subject to these Rules, Shares issued on the exercise of an Option 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. For the avoidance of doubt, no such rights in relation to a Share exist in favour of a Participant prior the Date of Issue.
- (b) Each Participant agrees to accept Shares issued to him subject to the Constitution and agrees to be bound by the Constitution.
- (c) Each Participant agrees that the on-sale of Shares issued on the exercise of an Option may be restricted by law in the 12 months immediately following the Date of Issue. The Company may, but is not required to, issue such notices or lodge such documents to enable the on-sale of Shares in the 12 months immediately following the Date of Issue.

9.4 ASX Quotation

If the Company is admitted to the Official List of the ASX at the time of issue of Shares on the exercise of an Option, the Company will apply for (but does not guarantee) the quotation of those Shares in accordance with the Listing Rules.

10. LAPSE OF OPTIONS

10.1 Lapse of Options

An Option lapses on the earlier of:

- (a) the Exercise Date;
- (b) a Change of Control event occurring;

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- (c) seven years from the Date of Grant or any earlier date determined by the Board and set out in the Offer;
 - (d) the date the Board determines that the Option should lapse because the Participant (in the Board's opinion):
 - (i) has breached a material obligation under the Plan or any other staff equity participation arrangement;
 - (ii) has been dismissed or removed from office for a reason which entitles a body corporate in the Group to dismiss the Participant without notice;
 - (iii) has committed any act of fraud, defalcation or serious misconduct in relation to the affairs of that body corporate (whether or not charged with an offence) or gross dereliction of duty;
 - (iv) has become insolvent, declared himself or herself or become bankrupt or entered into administration or does something or has done something which prevents the Participant from or will result in the Participant being unable to properly perform his or her duties; or
 - (v) has done any act which brings a body corporate in the Group into disrepute;
 - (e) 30 days from the date the Participant holding the Option stops being employed by a member of the Group and is a Voluntary Leaver;
 - (f) 360 days after the date the Participant holding the Option stops being employed by a member of the Group and is an Involuntary Leaver A;
 - (g) 90 days after the date the Participant holding the Option stops being employed by a member of the Group and is an Involuntary Leaver B; or
 - (h) the date the Board determines that the Option is incapable of Vesting.

10.2 Rights cease

If an Option lapses, all rights of a Participant under the Plan in respect of the Option cease.

10.3 Lapse notice

If any Options lapse, the Company must notify the Participant of the Vesting within 10 Business Days of the relevant date.

11. DEALINGS WITH OPTION

11.1 Options personal

Except where Options have been transferred under Rule 11.3, Options held by a Participant are personal to the Participant and may not be exercised by any other person.

11.2 No unauthorised disposal

Except as permitted under Rule 11.3, a Participant must not dispose of or grant any Security Interest over or otherwise deal with Options or any interest in Options, and any Security Interest or disposal or dealing will not be recognised in any manner by the Company.

11.3 No transfers

Subject to these Rules, a Participant may not dispose or transfer Options or any interest in Options without the prior written consent of the Board. Any purported disposal or transfer not in accordance with this Rule 11.3 is void and of no effect.

11.4 No hedging

A Participant must not enter into any arrangement to hedge or otherwise affect their economic exposure to any Options.

12. ADJUSTMENTS AND OTHER MATTERS

12.1 New issues

- (a) Participants are not entitled to participate in any new issue of securities in the Company to all existing holders of Shares unless they:
 - (i) have become entitled to exercise their Options under the Plan; and
 - (ii) exercise their Options before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must give Participants notice of any new issue of securities before the record date for determining entitlements to the new issue.

12.2 Bonus issues

If the Company makes a bonus issue of Shares or other securities to all existing holders of Shares (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and any Option has not been exercised before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Participant would have received if the Participant had exercised the Option before the record date.

12.3 Re-organisation of capital

If there is a reorganisation of capital of the Company, then the rights of a Participant (including the underlying Shares over which the Option is exercisable and/or the Exercise Price) are changed to the extent necessary to comply with the Listing Rules applying to the reorganisation of capital at the time of the reorganisation, whether or not the Company is subject to the Listing Rules at that time.

12.4 Winding up

If a resolution for a members' voluntary winding up of the Company is proposed (except for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions (or waiver or reduction of them), the Participants may, during the period referred to in the notice, exercise their Options. However, Options cannot be exercised under this Rule 12.4 after the period referred to in the notice.

12.5 Reorganisation of the Group

- (a) If at any time during which Options remain outstanding, the Board approves a reorganisation of the Group such that the Company is no longer to be the holding company of the Group, then the Board may require that each Participant exchange their Options for similar securities in the new holding company of the Group by notice in writing to each Participant.
- (b) If the Board delivers a notice under Rule 12.5(a), each Participant must, in a timely manner, do all things reasonably requested by the Board, including signing all documents, delivering all documents (including any security certificates), voting all securities, accepting such new securities, forfeiting all rights and releasing all persons, to give effect to the reorganisation of the Group.
- (c) Each Participant irrevocably appoints any two directors of the Company jointly as its agent and attorney with power to give effect to the reorganisation of the Group as contemplated in Rule 12.5(a), including the power of any two directors together to execute all necessary documents and deliver and accept all securities required to complete the reorganisation on behalf of that Participant.

12.6 Fractions of Shares

For the purposes of this Rule 12, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant may subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

12.7 Calculations and adjustments

Any calculation or adjustment required under this Rule 12 will be made by the Board and is, in the absence of manifest error, final and conclusive and binding on the Company and the Participant.

12.8 Notice of change

The Company must within a reasonable period give each Participant notice of any change under these Rules to the number of Shares that the Participant will receive on exercise of an Option.

13. CHANGE OF CONTROL

13.1 Notice of an expected Change of Control

At least 10 Business Days before a Change of Control, the Board must give each Participant notice (**Change of Control Notice**) stating the proposed date of the Change of Control (**Change of Control Date**).

13.2 Effect of Change of Control Notice

If a Change of Control Notice is delivered then, on the Change of Control Date immediately prior to the Change of Control event:

- (a) all outstanding Options which have not Vested shall Vest; and
- (b) all Exercise Conditions relating to Options shall be waived,

and all Participants who hold Options may comply with Rule 9 in respect of those Options which they wish to exercise, such exercise to be subject to the Change of Control occurring.

13.3 If Change of Control does not occur

If the notified Change of Control does not occur:

- (a) the Board must give each Participant notice of the fact as soon as practicable;
- (b) all Change of Control Notices and Exercise Notices given in response shall be deemed to be null and void and of no effect; and
- (c) the Options survive.

14. ADMINISTRATION OF THE PLAN

14.1 Powers of Board

The Plan is administered by the Board. The Board has power to:

- (a) determine appropriate procedures and make regulations consistent with these Rules for the administration and operation of the Plan;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, if the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate any functions and powers it may consider appropriate, for the efficient administration of the Plan, to any person or persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules; and

- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules.

14.2 Determination

Any power or discretion 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 the power or discretion, under any fiduciary or other obligation to any other person.

14.3 Exercise of powers or discretion

The Board has absolute discretion in any determination, decision, approval or opinion by it under these Rules.

14.4 Expenses and costs

Subject to these Rules, the Company and each Subsidiary must pay any expense, cost and charge incurred in the administration of the Plan in the amounts and proportions as agreed by them.

14.5 Tax

- (a) Except as required by law, the Company is not responsible for any Tax which may become payable by a Participant in connection with the issue of Shares on the exercise of Options or any other dealing by a Participant with the Options or Shares.
- (b) If the Company is obligated in any jurisdiction to withhold Tax or is secondarily liable for any Tax, then the Company is authorised to deduct such Tax from any payments due to a Participant or to take such steps as appropriate to collect Tax from a Participant (which may include selling Options or Shares of a Participant).
- (c) The Company may be required by law to provide information about a Participant to Tax authorities and each Participant agrees to the Company providing such information.
- (d) The Company makes no representation as to any Tax or financial consequences of the Plan.

15. AMENDMENTS

15.1 Board may amend

Subject to Rule 4.4 and 15.2, the Board may at any time amend these Rules, or waive or modify the application of these Rules in relation to any Participant.

15.2 Consent of Participants

Subject to Rule 15.3, if a proposed amendment to these Rules would adversely affect the rights of Participants in respect of any Options then held by them, the Board must

obtain the consent of Participants holding not less than 75% of the Options affected adversely by the proposed amendment.

15.3 Consent of Participants not required

Consent of Participants under Rule 15.2 is not required if the amendment is to:

- (a) comply with current or future legislation governing the Plan;
- (b) correct any manifest error or mistake;
- (c) comply with any applicable law or Listing Rule; or
- (d) address any possible adverse tax consequence for the Company.

16. RIGHTS OF PARTICIPANTS

16.1 No conferred rights

These Rules, participation in the Plan or the terms of any Offer do not:

- (a) confer any right or entitlement if such right is subject to shareholder approval;
- (b) confer on an Employee the right to receive an Offer;
- (c) confer on a Participant the right to continue as an Employee; and
- (d) affect any right the Company or any Subsidiary may have to terminate the employment of a Participant.

16.2 No impact on termination rights

These Rules, participation in the Plan or the terms of any Offer may not be used to increase damages in any action brought against the Company or any Subsidiary in respect of that termination.

16.3 Other schemes

Participation in the Plan does not affect, and is not affected by, participation in any other employee incentive scheme operated by the Company unless the terms of the other scheme provide otherwise.

16.4 General meetings

A Participant is not entitled to attend or vote at general meetings of holders of Shares in their role as a Participant alone.

17. NOTICES

Notices may be given by the Company to Participants in any manner as the Board may from time to time determine.

18. GOVERNING LAW

These Rules and the rights and obligations of Participants under the Plan are governed by the law of Victoria and each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.

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