



CGL SHARE PLAN RULES



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CGL SHARE PLAN RULES

1. Purpose

- 1.1. The Citadel Group Limited (CGL) Share Plan has been established by the Company to show its recognition of employees' and key Associates' contribution by providing an opportunity to share in the future growth and profitability of the Company. The Company wishes to do this by offering Eligible Employees and Associates the ability to acquire Shares in the Company.
- 1.2. The manner in which Eligible Employees and Associates will be invited to participate in the Plan is set out in these Rules.
- 1.3. The Plan commences on the date these Rules are adopted by the Company or any later date that the Board decides upon.
- 1.4. The addendum attached to these Plan Rules outlines the conditions under which this Plan will operate. All Plan Rules are subject to the operating requirements outlined in the addendum being met unless Applicable Law provides otherwise.

2. Definitions and Interpretations

- 2.1. In these Rules unless the context otherwise requires:

"Acquisition Date" means the date on which Shares are transferred or allotted to a Participant for the purposes of the Plan. The term "acquired" in relation to Shares, and grammatical variations of that term, where used in the Plan Rules, refer to Shares being transferred or allotted.

"Applicable Law" means any one or more or all, as the context requires, of:

- a) the Corporations Act;
- b) the constitution of the Company;
- c) the Income Tax Assessment Act;
- d) any practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or other guidance note made to clarify or expand (a), (b), (c) or (d) above; and
- e) any other legal requirement that applies to the Plan.

"Application Form" means a completed and signed form of acceptance by an Eligible Employee of an offer in a form approved by the Board.

"**ASIC**" means the Australian Securities and Investments Commission.

"**Associate**" means any person who is a full-time or part-time sub-contractor or alliance partner with at least 6 months' service or such other service period as the Board decides.

"**ATO**" means the Australian Taxation Office.

"**Board**" means the Board of Directors of the Company.

"**Business Day**" means any day other than Saturday, Sunday or a recognised public holiday in the capital city of the State, the governing law of which applies under Rule 21.

"**Company**" means The Citadel Group Limited (CGL) ACN 127 151 026.

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

"**Deal**" means mortgage, charge pledge, lien, encumber or otherwise dispose of or deal and "Dealing" has a corresponding meaning.

"**Eligible Employee/Associate**" means an Employee or Associate whom the Board decides is to receive an Invitation.

"**Employee**" means any person who is a full-time or part-time employee of a Group Company with at least 6 months' service or such other service period as the Board decides.

"**External Investor**" means a supporter, investor or business angel whose intentions align well with those of the Board or senior management team.

"**Government Agency**" means a governmental or semi governmental department, authority, tribunal, body or other similar entity.

"**Group Company**" means the Company, any holding company of the Company, any subsidiary of the Company or a subsidiary of a holding company of the Company, where holding company and subsidiary have the same meaning as in the Corporations Act.

"**GST**" has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

"**Holding Lock**" means a mechanism to prevent a Participant Dealing with Shares during the Holding Lock Period.

"**Holding Lock Period**" means the period from the date that the Shares are acquired by a Participant under the Plan until the earliest of:

- a) six months after the anniversary of that date; and
- b) the date on which the Participant ceases employment within the meaning of section 139CE(5) of the Tax Act.

"Invitation" means an offer in writing to acquire Shares made under Rule 5.2.

"Liquidity Event" means the occurrence (including in the case of (a) and (b), the completion) of:

- a) an IPO;
- b) a Merger; or
- c) any other event declared by the Board in its sole discretion to be a Liquidity Event for the purposes of the Plan.

"Market Value" means,

Where the Company's Shares are not listed on an approved stock exchange within the meaning of section 139GD of the Tax Act, the arm's length value of the Shares:

- a) as specified in a written report by the Company's auditor, where the report is in a form approved by the ATO; or
- b) as calculated in accordance with any other method which has been approved in writing by the ATO as a reasonable method of calculating the arm's length value of unlisted shares.

"Merger" means the voluntary merger or amalgamation of the Company or an associated company which is declared by the Board in its sole discretion to be a Liquidity Event for the purpose of the Plan.

"Participant" means an Eligible Employee/Associate/External Investor whose Application Form is accepted by the Board and agrees to be bound by these Rules, and the Company's constitution and who acquires Shares in accordance with Rule 7.

"Plan" means The Citadel Group Limited Share Plan governed by these Rules.

"Power" means any power, authority, trust or discretion that the Company may exercise through the Board under these Rules or any law.

"Plan Year" means the period of twelve calendar months ending on 30 June each year.

"Purchase Value" means in relation to a Participant in respect of a Plan Year the amount decided by the Board under Rule 6.4 but not exceeding \$1,000.

"Rules" means the rules governing the Plan as amended from time to time.

"Salary" means the base salary of an Employee/Associate but does not include any cash bonus or incentive or any other part of the Employee's/Associate's remuneration unless the Board decides otherwise.

"Shares" means fully paid ordinary shares in the capital of the Company.

"Tax" means a tax, levy, charge, impost, fee, deduction, withholding or duty of any nature, including stamp and transaction duty or any goods and services tax (including GST), value added tax or consumption tax, which is imposed or collected by a Government Agency. This includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed in addition to those amounts.

"Tax Act" means the *Income Tax Assessment Act 1936 (Cth)* or the *Income Tax Assessment Act 1997 (Cth)* or both, as the context requires. References to specific sections of the Tax Act are to sections of the *Income Tax Assessment Act 1936 (Cth)*.

"Termination Date" means the date an Employee ceases to be employed by the Company or its Subsidiaries within the meaning of section 139CE(5) of the Tax Act.

"Trading Window" means the authorised period in which shares can be traded between Participants. The standard Trading Window is a two-month period starting on 1 June and ending on 31 July of each year; however, at the Board's discretion other Trading Windows may be opened to enable share trading.

2.2. In these Rules unless the contrary intention appears:

- a) the singular includes the plural and vice versa;
- b) reference to a person includes the legal representative of that person and also bodies corporate and other legal entities recognised by law;
- c) a reference to any legislation or to a provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- d) headings are for convenience only and do not affect the interpretation of these Rules;
- e) the expressions "including", "such as" and similar words or expressions are not words or expressions of limitation;

- f) where any word or phrase is defined in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning; and
- g) where these Rules require or envisage that something will occur or be done on a certain day and that day is not a Business Day, that thing will occur or be done on the next Business Day.

3. Administration of the Plan

- 3.1. The Board will administer the Plan in accordance with these Rules. The Board may make regulations and policies for the operation of the Plan provided they are consistent with these Rules.
- 3.2. The Board will ensure that a complete register of Participants is maintained for administration and management of the Plan in accordance with the Applicable Law.
- 3.3. In exercising any Powers under the Rules or any law, the Board may exercise those Powers in its absolute discretion and may vary or withdraw any decision to exercise a Power at any time as per Rule 16.

In this Rule 3.3 a reference to "exercising any Power" includes a decision to refrain from exercising a Power that the Board might otherwise exercise.

- 3.4. Any Power conferred on the Board by these Rules may be exercised by the Board in the interests of and for the benefit of the Company and any Group Company. The Board is not, in exercising that Power, under any fiduciary or other obligation to any other person.
- 3.5. Any decision of the Board as to the interpretation, effect or application of these Rules will be final. Any dispute or difference of any nature relating to the Plan will be referred to the Board and its decision will be final and binding.
- 3.6. The Board may delegate all or any of its Powers under these Rules to any person or persons for any period and on any conditions that the Board decides upon including, but not limited to, a plan administrator.
- 3.7. If a plan administrator is appointed under Rule 3.6, that plan administrator will administer the Plan in accordance with these Rules and any procedures determined by the Board consistent with the Plan Rules.
- 3.8. The Board may take and rely upon independent professional or expert advice in relation to any of its Powers under these Rules.

4. Principal Conditions

- 4.1. The Plan will be operated on a non-discriminatory basis within the meaning of sections 139CE and 139GF of the Tax Act until the Plan is terminated.

5. Making of Offers

- 5.1. The Company may offer Shares under the Plan to Eligible Employees/Associates or other External Investors by Invitation. The Board, subject to these Rules, can decide when to make an Invitation. Each Invitation constitutes an offer to the Eligible Employee/Associate or External Investor.
- 5.2. The Invitation must be in writing and be accompanied by any other information and documents required by the Applicable Law.
- 5.3. The Invitation should specify:
- a) to whom the offer is made;
 - b) the date of the offer;
 - c) the applicable Holding Lock Period, if any;
 - d) the maximum number of Shares that can be acquired under the Plan;
 - e) the time period, if any, in which to accept the Invitation;
 - f) the proposed Acquisition Date; and
 - g) anything else that the Board considers relevant.
- 5.4. The time period referred to in Rule 5.3(e) must be reasonable, and at least 2 weeks.

6. Acceptance

- 6.1. An Eligible Employee/Associate or External Investor may accept an Invitation by delivering an Application Form to the Company within the time period specified in the Invitation.
- 6.2. An Eligible Employee/Associate or External Investor may accept an Invitation in whole or in part (subject to any conditions stated in the Invitation).
- 6.3. By accepting an Invitation an Eligible Employee/Associate or External Investor becomes a Participant and is deemed to have agreed to become bound by these

Rules and the Company's constitution (unless the Board rejects the Application Form under Rule 6.5).

- 6.4. When the Board receives a completed and signed Application Form, and unless Rules 6.5(a) or (b) apply, the Board may decide the amount (if any) of any monies otherwise payable to an Eligible Employee/Associate or External Investor for the Plan Year that is to be applied towards acquisition of Shares. (To avoid doubt, the amount that may be applied for acquisition of Shares is the Purchase Value).
- 6.5. The Board may also decide:
- a) to accept or reject an Application Form;
 - b) not to allow Shares to be acquired by any or all Eligible Employees/Associates or interested parties; or
 - c) to vary the number or dollar value of Shares that can be acquired by each Eligible Employee/Associate or External Investor relative to the number or dollar value stated in the Invitation.
- 6.6. If the Board exercises its discretion to do any of these things it will notify affected Eligible Employees/Associates and External Investors as soon as practicable.

7. Entitlements

- 7.1. Except where Rule 7.2 applies, where the Board accepts an Application Form the Participant will be allocated the number of Shares determined in accordance with the following formula:
- A ÷ B** where:
- A** is the Purchase Value, and
- B** is the Market Value.
- 7.2. Where an Invitation sets out a number of Shares that can be acquired by a Participant, or the price at which they can be acquired:
- a) the formula described in Rule 7.1 will not apply, and
 - b) the number and price of Shares will be equivalent to the number that the Board agrees may be acquired by the Participant in accordance with Rule 6.5.
- 7.3. Subject to these Rules, Shares acquired by Participants under these Rules will be registered in the name of the Participant.

- 7.4. Where the number of Shares to be allocated to a Participant under this Rule 7 is not a whole number, the number will be rounded down to the nearest whole number.

8. Method of Acquisition and Quotation of Shares

- 8.1. Shares may be acquired by Participants for the purposes of the Plan:
- a) by way of allotment and issue of Shares by the Company for the Participant; or
 - b) if the Shares are not listed on the ASX or another stock exchange by making an on market purchase of the Shares in the ordinary course of trading during a Trading Window; or
 - c) by reallocating Shares held by existing Participants who have requested a disposal under Rule 10.
- 8.2. If Shares are issued under this Plan, they will, from the date of allotment, rank equally with all other issued Shares in all respects including with respect to voting rights and entitlements to participate in dividends, future rights and bonus issues. These rights apply even if the Shares are subject to the Holding Lock.
- 8.3. If any Share is allocated in error to an individual who is not the owner of those Shares under these Rules, then that individual will have no right or interest in the Share and will be required to execute any documents or do anything else required by the Board to correct the error.

9. Restrictions

- 9.1. At the Board's discretion, the Company may apply a Holding Lock to Shares acquired under the Plan for the duration of the Holding Lock Period.
- 9.2. While Shares are subject to a Holding Lock, the Participant may not:
- a) transfer those Shares, or
 - b) Deal with those Shares.
- 9.3. A Holding Lock will cease to have effect six months from the date on which the Shares were acquired if it has not been lifted before that date due to cessation of employment within the meaning of section 139CE(5) of the Tax Act.
- 9.4. At the completion of any Holding Lock Period the Participant will hold Shares subject to the terms and conditions specified in the Company's constitution and the Applicable Law.

The lifting of the Holding Lock does not limit any of the Company's or the Board's legal rights in relation to the Shares under these Rules, the Company's constitution, the Applicable Law or otherwise.

- 9.5. The Board may do anything that it considers appropriate to give effect to the provisions of this Rule 9.

10. Disposal

- 10.1. Where the Company's constitution or Applicable Law require ordinary shareholders to apply to the Company to dispose of their Shares, or where the Participant elects, the following disposal procedures apply to Shares under the Plan.
- 10.2. A Participant may make a request to the Company or plan administrator that their Shares be disposed of on their behalf during a Trading Window in accordance with Rule 10.3. However, a Participant can only request disposal of their Shares when the Holding Lock Period ends.
- 10.3. Where a request by a Participant to dispose of their Shares under the Plan is given effect to in full or part, the Shares will be offered and may be sold or reallocated to:
- a) Eligible Employees/Associates/External Investors or existing Shareholders of the Company who accept an offer to purchase the Shares;
 - b) give effect to acquisitions by Participants under the Plan in accordance with Rule 8; and
 - c) the Company in accordance with the buy back provisions of the Applicable Law.
- 10.4. The price at which Shares are sold **or reallocated under Rule 10.4** will be their Market Value at the time of the disposal.
- 10.5. Payment for disposal of Shares will be due within 60 days after the Shares have been reallocated or sold in accordance with Rule 10.3.
- 10.6. If only part of a Participant's Shares can be sold or reallocated in accordance with Rule 10.3, a part payment may be made for the Participant's Shares, with the remaining payment being made following a subsequent sale or reallocation under Rule 10.4. In instances where the Board is selling or reallocating Shares of a former Participant who has been required to relinquish control of the Shares, the Trading Window will remain open until that Participant's Shares have been sold or reallocated only. The extended Trading Window will only be open for the affected Participants.
- 10.7. For the purposes of the sale or transfer of Shares, the Participant authorises the Company to do anything reasonably required to give effect to the disposal. If

Shares are sold, an amount may be deducted from the proceeds of sale equal to all outgoings and expenses incurred in selling those Shares.

11. Cessation of Employment

- 11.1. When an Existing Employee or Associate ceases employment within the meaning of section 139CE(5) of the Tax Act and the Company's constitution or Applicable Law limits the number of non-employee shareholders that the Company may have, the Participant may be required to transfer their Shares to the plan administrator or other nominee of the Company. In that case the Participant authorises the Company to deal with the Shares in accordance with any of the methods described in Rule 10.3 and payment will be made in accordance with Rules 10.4 to 10.6.
- 11.2. Unless the Board decides otherwise, payment for Shares that relate to individuals who previously terminated their employment within the meaning of section 139CE(5) of the Tax Act, but who have not received payment in full for their Shares, will be given priority.

12. Liquidity Event

- 12.1. If a Liquidity Event occurs then, if the Board decides that the Plan will not continue, the Plan may be terminated in accordance with Rule 16 and Shares may be dealt with in accordance with the Company's constitution.

13. Transfer

- 13.1. Initial Invitations are personal to an Eligible Employee/Associate/External Investor and any rights of acceptance under an Invitation may not be transferred to another person.
- 13.2. Despite the limitation of Rule 13.1 as it applies to Invitations, this does not prevent Participants being entitled to transfer their existing Shares to other persons unless Rule 11.1 is enacted by the Board.
- 13.3. Except to the extent that these Rules expressly permit, Participants must not Deal with their Shares or any interest relating in any way to those Shares, and any such Dealing will not be recognised by the Company.

14. Dividends

- 14.1. Dividends will be paid annually at the discretion of the Board.
- 14.2. Participants holding Shares as of 10 June in any year are entitled to receive the annual dividend or other distributions, if any, paid or made on their Shares. This applies irrespective of any Holding Lock.

- 14.3. Participants obtaining shares during a Trading Window but after 10 June will not be entitled to receive an annual dividend or other distributions, if any, paid or made on their Shares until the following Financial Year.

15. Issue Limitations and Legal Restrictions

- 15.1. The Board may decide to set a limit on the number of Shares that may be issued under the Plan. If the Board does set a limit then no further Shares can be issued and no further offers can be made to issue Shares under this Plan if the total number of Shares:
- a) Already issued, and
 - b) The subject of all outstanding offers,
- would exceed that limit.
- 15.2. Shares may not be granted, assigned, dealt with or issued, under the Plan, if to do so would contravene the Applicable Law.

16. Amendment of the Plan

- 16.1. Subject to the Applicable Law and the addendum to these Plan Rules, the Board may amend any or all of these Rules, in any matter whatsoever by resolution.
- 16.2. To avoid doubt, the Board is not constrained in amending the Rules by the fact that an amendment will or may adversely affect the rights of one or more Participants.
- 16.3. No amendment of the provisions of these rules is to reduce the rights of any Participant in respect of Shares issued to the Participant under the Plan prior to the date of the amendment, other than an amendment introduced primarily to comply with Applicable Laws.
- 16.4. Any amendment made pursuant to this Rule 16 may be given such retrospective effect as is specified in the written instrument or resolution that makes the amendment.

17. Termination or Suspension of the Plan

- 17.1. Subject to the Applicable Law and the addendum, the Plan may be terminated or suspended at any time by the Board, as well as in the circumstances described in Rule 12.
- 17.2. On termination or suspension of the Plan, Shares held for the purposes of the Plan may be dealt with in any manner provided by the Company's constitution, subject

to Applicable Law. The Board may do anything else it considers appropriate to give effect to the termination or suspension of the Plan.

- 17.3. A Participant may not claim any compensation as a result of termination or suspension of the Plan.

18. Rights of Participants

- 18.1. Nothing in these Rules:
- a) confers on any Eligible Employee/Associate or Participant the right to continue as an Employee or Associate of any Group Company;
 - b) confers on any Employee/Associate the right to become or remain an Eligible Employee or Associate or to participate under the Plan;
 - c) affects any rights which a Group Company may have to terminate the employment of an Eligible Employee or Associate;
 - d) may be used to increase damages in any action brought against any Group Company in respect of any such termination of employment. In particular, Participants have no rights to claim compensation or damages in respect of any loss of entitlements resulting from any such termination that may affect the Participants' interests in respect of Shares; or
 - e) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Employees/Associates or Participants.
- 18.2. Participants should obtain their own independent advice on financial, taxation and other consequences of participating in the Plan.

19. Connection with Other Plans

- 19.1. Participation in this Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by any Group Company unless the terms of that other scheme provide otherwise.

20. Costs

- 20.1. Subject to this Rule 20, the Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the allotment and acquisition of Shares by Participants for the purposes of the Plan.
- 20.2. A Participant will not be liable for any costs associated with the implementation and administration of the Plan unless the Board decides otherwise. If the Board so

decides, it must inform the Participant prior to allocating any such expense to a Participant.

- 20.3. Despite the preceding provisions of this Rule 20, Participants will be liable for any personal legal and taxation advice, brokerage and tax associated with their participation in the Plan.

21. Severance

- 21.1. If any provision of these Rules is void, voidable or unenforceable, that provision will be severed and the remainder of these Rules will have full force and effect.

22. Governing Law

- 22.1. This Plan is governed by the laws of Australian Capital Territory and the parties agree to submit to the jurisdiction of the courts of that State or Territory in all matters arising out of this Plan.

23. Notices

- 23.1. If these Rules permit or require a notice to be given to another person, that notice:

- a) must be in writing in the English language; and
- b) may be given or served by facsimile, prepaid post or by hand to the intended recipient at the address, or using a facsimile number, that has previously been advised as the recipient's address or facsimile number.

- 23.2. Unless there is proof to the contrary, a notice will be deemed to have been given to the party to whom it was sent:

- a) in the case of hand delivery to the party, on the date on which the notice was delivered during Business Hours of the intended recipient;
- b) in the case of prepaid post, two Business Days after the date of dispatch;
- c) in the case of facsimile transmission, at the time of dispatch provided that following transmission the sender receives a transmission confirmation report.

- 23.3. A notice given under these Rules is sufficient if:

- a) in the case of a company, it is signed by two directors or a director and secretary of the company or another authorised person; or
- b) in the case of an individual, it is signed by that individual.

23.4. The provisions of this Rule 23 are in addition to any other form of service permitted by law.

23.5. In this Rule 23:

a) "notice" includes a demand, request, consent, approval, offer and any other instrument or communication made, required or authorised to be given under a provision of these Rules; and

b) "Business Hours" means from 9:00am to 5:00pm on a Business Day.

Dated this 1st day of July 2010

Addendum

In operating a plan based on the standard form Tax Exempt Plan Rules "No Trust Version" (referred to below as the Plan) the Company will ensure that the following conditions are met. This addendum forms part of the Plan Rules and all Plan Rules are subject to the following requirements being met.

1. Offers will be made to at least 75% of permanent employees in accordance with the following definition. A permanent employee is a person who is a full-time or permanent part-time employee of a company with at least 12 months service (does not have to be continuous). Service includes absences due to recreation leave, accident or illness. Recreation leave does not include absences for long service leave, furlough, extended leave, or leave without pay or on reduced pay.
2. The Plan is operated on a non-discriminatory basis. This condition will be satisfied if all offers to acquire Shares under the Plan provide:
 - a) participation is open to at least 75% of permanent employees; and
 - b) time for acceptance of the offer is reasonable; and
 - c) the essential features of each offer are the same for at least 75% of permanent employees (the essential features of an offer comprise the consideration paid for the Share, the minimum or maximum number of Shares offered, the time period for acceptance of the offer and circulation of information about the offer).
3. Any Shares issued under the Plan will be fully paid ordinary Shares ranking equally and having the same rights as other fully paid ordinary Shares in the capital of the Company.
4. The Plan does not contain any conditions which could result in the Participant forfeiting ownership of Shares acquired under the Plan.