

# MEDICAL DEVELOPMENTS INTERNATIONAL LIMITED

ACN 106 340 667

## EMPLOYEE OPTION PLAN

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### PLAN RULES

#### 1. INTRODUCTION

##### 1.1 Name of Plan

This Plan is called the **MDI Employee Option Plan**.

##### 1.2 Rules

This document sets out the Rules of the Plan which bind the Company, any subsidiary and each Participant.

##### 1.3 Objectives

The objects of the Plan are to:-

- (a) provide incentives to Eligible Employees to remain in their employment with the Company;
- (b) recognise the expectation that Eligible Employees will continue to contribute to the performance and success of the Group; and
- (c) provide Eligible Employees with the opportunity to acquire Options and Shares in the Company, in accordance with these Rules.

#### 2. DEFINITIONS AND INTERPRETATION

##### 2.1 Definitions

In these Rules unless the context otherwise requires:-

- (a) “**Application Form**” means a duly completed and executed application for the issue of Options made by an Eligible Employee in respect of an Offer in the form approved by the Plan Committee from time to time.
- (b) “**ASX**” means the Australian Stock Exchange Limited.
- (c) “**Board**” means all or some of the Directors acting as a board for the purposes of this Plan.

- (d) **“Company”** means Medical Developments International Limited ACN 106340667.
- (e) **“Directors”** means the directors of the Company from time to time.
- (f) **“Eligible Employee”** means an Employee to whom the Plan Committee issues an Offer.
- (g) **“Employee”** means:-
  - (i) an individual whom the Plan Committee 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 Plan Committee);
  - (ii) an individual otherwise in the employment of a body corporate in the Group whom the Plan Committee determines to be an Employee for the purposes of the Plan,but does not include a Director of the Company or an associate of a Director of the Company.
- (h) **“Exercise Price”** means the amount that must be paid by the Participant to acquire a Share by the exercise of an Option and being the amount determined in accordance with Rule 5.4(g).
- (i) **“Exercise Period”** means for an Option that period commencing on the Vesting Date and ending on the Expiry Date.
- (j) **“Expiry Date”** means the date specified in the Offer and determined by the Plan Committee on which date (at 4:00pm Eastern Standard Time) the Option will lapse.
- (k) **“Group”** means the Company and its subsidiaries.
- (l) **“Issue Date”** means the date on which the Plan Committee issues the Option to an Eligible Employee.
- (m) **“Law”** means the Corporations Act, its regulations, ACIC practice notices, policy statements, class orders, policy or procedures, the Listing Rules of ASX or the Constitution of the Company.
- (n) **“Listing Rules”** means the Listing Rules of the ASX as amended from time to time.

- (o) **“Notice of Exercise of Option”** means a duly completed and executed notice of exercise of an Option by a Participant in the form from time to time approved by the Plan Committee.
- (p) **“Offer”** means an invitation to an Eligible Employee made by the Company pursuant to Rule 5.1 to apply for Options.
- (q) **“Option”** means an Option to subscribe for a Share issued to a Participant in accordance with these Rules.
- (r) **“Participant”** means a person who holds Options issued under this Plan and includes their successors and permitted assigns.
- (s) **“Performance Conditions”** means performance or other conditions (if any) determined by the Plan Committee which are required to be satisfied, reached or met before a Participant can exercise an Option which conditions are set out in the Offer.
- (t) **“Plan”** means the MDI Employee Option Plan established and governed in accordance by these Rules.
- (u) **“Plan Committee”** means that Committee of the Board to which power to administer the Plan has been delegated, or if there has been no delegation it means the Board.
- (v) **“Rules”** means the rules of the Plan as amended from time to time.
- (w) **“Share”** means a fully paid ordinary share in the Company.
- (x) **“Vesting Date”** means that date specified in the Offer and determined by the Plan Committee after which date the Participant will be entitled to exercise its Options.

## 2.2 Interpretation;

In these Rules unless the contrary intention appears:-

- (a) A gender includes all genders;
- (b) The singular includes the plural and vice versa;
- (c) Headings are included for convenience only and do not affect the construction of these Rules;

- (d) Where an act or thing must be done on a particular day or within a particular period, that act or thing must be done before, and that period ends at, 5.00 p.m. Melbourne time on the relevant day.

### **3. COMPLIANCE**

#### **3.1 Compliance with Law**

The Company shall not offer or grant an Option to an Eligible Employee, and a Participant shall not be entitled to exercise any Option, if by doing so it would contravene the Law.

#### **3.2 Compliance with Rules**

Each Participant upon accepting an offer to participate in the Plan agrees to be bound by and will hold any Options subject to these Rules.

### **4. OPERATION OF THE PLAN**

#### **4.1 Commencement**

The Plan will commence on the date determined by the Plan Committee.

#### **4.2 Eligibility**

Unless the Plan Committee determines otherwise, no Option may be offered or issued to a person unless the person is an Eligible Employee as at the Issue Date.

#### **4.3 Rules**

The Plan operates according to these Rules.

### **5. OFFER**

#### **5.1 Plan Committee may make Offer**

Subject to these Rules, the Plan Committee may from time to time make an Offer to an Eligible Employee.

#### **5.2 Form of Offer**

The Offer must be in writing and in the form approved by the Plan Committee from time to time.

### **5.3 Determinations by Plan Committee**

The Plan Committee shall, in its sole discretion, and from time to time determine in respect of each Offer:-

- (a) the number of Options that are to be offered to an Eligible Employee;  
and
- (b) the Exercise Price of such Options; and
- (c) the Performance Conditions (if any); and
- (d) the Vesting Date; and
- (e) the Expiry Date.

### **5.4 Information Contained in Offer**

An Offer must state:-

- (a) The name of the Eligible Employee to whom the Offer is made;
- (b) The date of the Offer;
- (c) The Vesting Date;
- (d) The Expiry Date;
- (e) The maximum number of Options for which the Eligible Employee may make application;
- (f) The expected Issue Date of the Options the subject of the Offer;
- (g) The Exercise Price or the manner of determining the Exercise Price of the Options the subject of the Offer;
- (h) The Performance Conditions (if any) attaching to the Options the subject of the Offer; and
- (i) Any other specific terms and conditions applicable to the Offer.

### **5.5 Personal Offer**

An Offer under the Plan is:-

- (a) personal to the Eligible Employee to whom it is made; and

- (b) may only be accepted by the Eligible Employee to whom the Offer is made; and
- (c) the Options may only be issued to the Eligible Employee, a company controlled by the Eligible Employee or a trust in respect of which the Eligible Employee is a beneficiary.

## **6. APPLICATION**

### **6.1 Acceptance**

An Eligible Employee may accept the invitation made by the Offer by completing in writing the Application Form and delivering it to the Company Secretary within the period specified in the Offer.

### **6.2 Acceptance of whole or part**

An Eligible Employee may accept the invitation constituted by an Offer in whole or in part.

### **6.3 Lapse of Offer**

An Offer that is not accepted within the Exercise Period specified in the Offer lapses unless otherwise determined by the Plan Committee.

## **7. ISSUE**

### **7.1 Acceptance of Application**

Upon the receipt by the Company Secretary of a correctly completed Application Form the Company may:-

- (a) accept the Application Form; and
- (b) issue to the Eligible Employee the Options accepted by the Eligible Employee.

### **7.2 Participant**

On the issue of an Option pursuant to this Plan an Eligible Employee becomes a Participant.

### **7.3 Consideration for Options**

Options shall be issued in consideration of the services that the Company expects to be provided by an Eligible Employee to or for the benefit of the Group and no monetary or other consideration will be payable in respect of the issue of an Option.

### **7.4 Entitlement to Share**

Subject to these Rules each Option entitles the holder to subscribe for and be issued one fully paid Share at the Exercise Price.

### **7.5 Interest in Shares**

A Participant has no interest in a Share the subject of an Option held by a Participant unless and until the Share is issued to the Participant under these Rules.

### **7.6 Transfer or Assignment of Option**

An Option shall not be transferred or assigned by a Participant.

### **7.7 Quotation of Options**

The Company will make no application to the ASX or any other stock exchange for official quotation of any Option.

### **7.8 Re-organisation**

In the event of any reorganisation (including consolidation, subdivision, reduction or cancellation) of the issued capital of the Company, the Options are to be reorganised in a manner required by ASX Listing Rules on a reorganisation of capital.

### **7.9 Certificates**

The Company shall upon issuing the Options give a Participant a certificate (or certificates) within ten (10) business days of the Issue Date, stating:-

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options;
- (c) the Exercise Period for those Options; and
- (d) the Issue Date of those Options.

## **8. EXERCISE**

An Option may be exercised only:-

- (a) during the Exercise Period;
- (b) if the Performance Conditions (if any) have been satisfied or the Performance Conditions have been reduced, or waived in whole or in part ; and
- (c) the Applicant is an Eligible Employee.

### **8.2 Exercise of Options**

A Participant may exercise an Option which has not lapsed by providing to the Company Secretary or other person so designated by the Plan Committee:-

- (a) a completed Notice of Exercise of Option form;
- (b) the relevant Option certificate; and
- (c) payment of the Exercise Price.

### **8.3 Exercise all or some Options**

A Participant is not required to exercise all options available to be exercised at the time. Where the number of options exercised is less than that represented by the relevant Option certificate, that certificate will be cancelled and a new certificate for the balance of the Options will be provided.

### **8.4 Issue of Shares**

Subject to these Rules and the Listing Rules on exercise of Options the Company will arrange, within ten (10) business days, the issue of one Share for each Option exercised.

### **8.5 Shares Rank Equally**

A Share issued pursuant to the exercise of an Option will rank equally with all existing Shares at the date of issue of that Share in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.

## **8.6 ASX Quotation of Shares**

The Company will apply to the ASX for quotation of those Shares issued on exercise of Options if other Shares of the Company are officially quoted by the ASX at that time.

## **8.7 Escrow**

The Plan Committee may determine escrow periods for any Shares issued on exercise of Options. These escrow periods will be stated in the Offer document and will apply regardless of whether the Employee should leave employment with the company prior to the expiration of the escrow period.

# **9. LAPSE OF OPTIONS**

## **9.1 Lapse of Option**

An Option lapses on the earlier of:-

- (a) the Expiry Date;
- (b) the date that the Plan Committee makes a determination that the Option should lapse because in their opinion the Participant:-
  - (i) has been dismissed, removed from office or had their contract terminated by the Company;
  - (ii) has committed an act of fraud, defalcation or gross mis-conduct in relation to the Company (whether or not charged with an offence); or
  - (iii) has done an act which brings the Company into disrepute.
- (c) the date that the Participant voluntarily retires or terminates their employment with the Company; or
- (d) Ninety (90) days, or such other period determined by the Plan Committee, after the Participant ceases for any other reason to be an employee with the Company.

## **9.2 Rights Cease**

The rights and entitlement of a Participant under the Plan in respect of any Options cease upon the Option lapsing.

## 10. PARTICIPATION RIGHTS

Participants have no rights or entitlements to:-

- (a) participate in dividends declared by the Company;
- (b) participate in bonus issues;
- (c) participate in rights issues; or
- (d) vote at meetings of the Company.

## 11. TAXATION

The Company assumes no liability for any taxation liability of an Eligible Employee or Participant that arises as a result of the offer, acceptance, issue or exercise of Options.

## 12. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

The rules of this Plan and the terms and conditions of any Options and Shares issued pursuant to it must at all times comply with the Listing Rules and the Law. Where there is any inconsistency, the Listing Rules, or the Law will prevail.

## 13. ADMINISTRATION OF THE PLAN

This Plan shall be administered by the Plan Committee.

### 13.1 Powers of the Plan Committee

The Plan Committee has power to:-

- (a) determine from time to time the:-
  - (i) Exercise Price;
  - (ii) Vesting Date;

- (iii) Expiry Date; and
- (iv) Performance Conditions;
- (b) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (c) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (d) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (e) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any person or persons whom the Plan Committee reasonably believes to be capable of performing those functions and exercising those powers;
- (f) 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;
- (g) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (h) make regulations for the operation of the Plan consistent with these Rules.

### **13.2 Exercise of powers or discretion**

Any power or discretion which is conferred on the Plan Committee or Board by these Rules may be exercised by the Plan Committee or Board in the interests or for the benefit of the Company, and the Plan Committee or Board is not, in exercising that power or discretion, under any fiduciary or other obligation to another person.

### **13.3 Determinations**

Where these Rules provide for a determination, decision, approval or opinion may be made or given by the Plan Committee or Board (as applicable) in its absolute discretion.

### **13.4 Expenses and costs**

Subject to these Rules, the Company and its Subsidiaries must pay all expenses, costs and charges incurred in the administration of the Plan in the amounts and proportions as they shall agree.

## **14. AMENDMENTS TO THE PLAN**

### **14.1 Amend**

Subject to the Listing Rules and the Law the Company may at any time by resolution of the Board:-

- (a) Amend;
- (b) Waive; or
- (c) Modify,

all or any of the provisions or application of this Plan (including this rule) in relation to a Participant.

## **15. TERMINATION OF THE PLAN**

Without affecting existing entitlements the Plan may be terminated at any time by resolution of the Directors.

## **16. RIGHTS OF PARTICIPANTS**

These Rules do not:-

- (a) do not confer on any Employee the right to receive an Offer;
- (b) do not confer on any Participant the right to continue as an Employee;
- (c) affect any rights that the Company or any subsidiary may have to terminate the employment of a Participant; or
- (d) Entitle a Participant to attend or vote at general meetings of the Company.

## **17. GOVERNING LAW**

- (a) The Plan shall be governed by the laws of the State of Victoria.
- (b) Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of Victoria with respect to all matters arising under or relating to the Plan.

**18. NOTICES**

Any notice required to be given or made under or pursuant to this Plan may be given by the Company to Participants in any manner that the Plan Committee may from time to time determine.

**19. ADVICE**

Eligible Employees and Participants should obtain independent advice from their broker, accountant, financial planner, or lawyer about financial, taxation and any other consequences of or relating to the participation in the Plan or the exercise of Options.