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Signed by the Chairman

David Munns

Date _____

GAS2GRID LIMITED

A.C.N. 112 138 780

GAS2GRID EMPLOYEE INCENTIVE PLAN

Rules of the Plan

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EMPLOYEE INCENTIVE PLAN
Rules of the Plan

1. Definitions

1.1 For the purposes of this Plan unless the context requires otherwise:

“Amount Outstanding” means at any point in time the amount of principal and accrued but unpaid interest owing under the Loans.

“ASX” means Australian Stock Exchange Limited ACN 008 624 691

“Board” means all or some of the Directors of the Company acting as a Board.

“Business Day” means a day upon which the ASX is open for business in Sydney, but excludes any other day that the ASX declares not to be a business day.

“Company” means Gas2Grid Limited A.C.N.112 138 780.

“Constitution” means the constitution of the Company in force from time to time.

“Law” means the Corporations Act 2001 of Australia as amended from time to time.

“Director” means a Director of the Company and **“Directors”** means the Board.

“Disqualifying Event” means an event covered by any one or more of the circumstances set out in Clauses 3.3(2)(i), (ii), (iii) and (iv).

“Eligible Person” means a full time or part time employee, Director, officer or contractor of the Company or any controlled entity of the Company.

“Listing Rules” means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any expressed written waiver by ASX;

“Letter of Offer” means a letter of offer to an Eligible Person to acquire Shares or Options or a Loan under the terms of the Plan.

“Loan” means a loan or loans accepted pursuant to the Plan to acquire Plan Shares or Options and includes any interest payable.

“Market Value” means, in relation to Shares;

- (i) if there was at least one transaction in the Shares on the ASX in the immediately previous 5 Business Days before the relevant day – the weighted average of the prices at which the Shares were traded during that 5 Business Day period; or
- (ii) if there were no transactions in the Shares on the Stock Exchange in that 5 Business Day period -the last price at which an offer was made on the Stock Exchange during that 5 Business Day period to buy Shares.

“Option” means an Option under the Plan to subscribe for a Share.

“Option Holder” means the holder of an Option under the Plan.

“Option Qualifying Period” means the period specified in any offer to acquire Options made in accordance with the Plan during which any Option may not be exercised.

“Participant” means an Eligible Person who accepts an offer of Plan Shares, Options or a Loan respectively made under the Plan.

“Plan” means the Gas2Grid Limited Employee Incentive Plan as amended from time to time.

“Plan Share” means a Share offered pursuant to the Plan, any bonus Share issued in respect of a Plan Share or a Share in respect of which an offer of a Loan to be applied towards its subscription or purchase price is made in accordance with the Plan but does not include such a Share where the Loan applied to acquire the Share has been repaid in full in accordance with the Rules to the Company.

“Rules” means the rules of the Plan as amended from time to time.

“Secured Share” means a Share issued pursuant to the Plan that is the subject of a mortgage, lien or other security to be granted to the Company as required under the Plan.

“Share” means an ordinary fully paid share in the capital of the Company.

“Share Qualifying Period” means the period specified in any offer to issue Shares made in accordance with the Plan during which a Plan Share may not be transferred by a Participant.

“Take-over Offer for Shares” means a takeover offer and any offer made pursuant to a takeover announcement as set out in of the Law.

- 1.2 These Rules bind the Participants. No Share or Option issued under the Plan will be issued to any entity other than the Participant personally or family trust or company controlled by the Participant.

2. **Objects of the Plan**

2.1 The Directors shall administer this Plan in accordance with the following objects:

- (1) Shares or Options offered under the Plan will only be offered to Eligible Persons.
- (2) All Shares offered under the Plan will be fully paid ordinary shares of the Company and all Options offered will only be to acquire fully paid ordinary shares in the Company.
- (3) The Directors will make every reasonable effort to encourage Eligible Persons to acquire Shares and to avail themselves of Loans offered in accordance with this Plan.
- (4) In the case of an offer or invitation of unissued Shares the number of Shares the subject of the offer when aggregated with:
 - (i) Shares previously issued to employees of the Company or any controlled entity during the previous five years under any employee share scheme or schemes except this Plan;
 - (ii) Shares issued to Eligible Persons under this Plan during the previous five years; and
 - (iii) Shares which would be issued were each outstanding offer or invitation or Option to acquire unissued Shares under this Plan or any other Company employee share scheme be accepted or exercised (as the case may be);

will not exceed 5% of the total issued Shares of the Company as at the time of such offer or invitation. The 5% limit shall exclude expired or renounced options.

3. **Plan Shares and Options**

3.1 The Directors may in their discretion offer to allot Shares to an Eligible Person or offer an Eligible Person an opportunity to purchase Shares.

3.2 The Directors may at the time of making an offer to allot Shares to an Eligible Person or offering an opportunity to purchase Shares or upon the exercise of any Option under the Plan make an offer of a Loan or Loans to be applied towards the subscription or purchase price of the Shares.

3.3 Subject to these Rules, the conditions of such Loan shall be determined by the Directors at the time of making the offer and shall be outlined in the Letter of Offer. Where the terms are not specified in the offer the following terms will apply to any Loan made under the Plan:

- (1) the Loan shall be interest free and be for a term of 5 years;
- (2) the Loan shall immediately become repayable if:-
 - (i) the Participant ceases to be an Eligible Person; or
 - (ii) the Participant becomes an insolvent under administration; or
 - (iii) the Participant has perpetrated fraud against the Company; or
 - (iv) the Participant commits a breach of an obligation under these Rules;
- (3) the Loan becomes immediately repayable to the Company at the end of the term of the Loan;
- (4) the Participant acknowledges that the Company holds a lien over the Participant's Plan Shares and in the event that the Company's power to sell the Participant's Plan Shares arises pursuant to this Plan, the Participant will immediately provide the Company with a signed Share Transfer Form or Forms for the Plan Shares or will do all things necessary to enable the Company to exercise its power of sale;
- (5) if the Participant does not immediately cooperate in the manner set out in Clause 3.3(4) upon the Company's power of sale arising, then, subject to 30 days written notice provided to the Participant, the Company is thereafter appointed as the Participant's attorney (with the Company having power to appoint substitutes) to execute all documents and do everything which it may do in relation to exercising its power of sale of the Plan Shares pursuant to the Plan. The Participant acknowledges that this power of attorney is irrevocable until the Loan has been repaid. The Participant agrees to ratify and confirm anything which the Company does in exercising this power of attorney.

3.4 A Participant may only elect to repay and repay a Loan after the expiry of any Share Qualifying Period. Upon payment of the Loan in full pursuant to this clause the Participant will then be entitled to retain the Plan Shares.

3.5 An offer to allot Plan Shares made in accordance with Clause 3.1 will be at a subscription price calculated as the Market Value of the Shares on the date of the Letter of Offer. An offer of a Plan Option will be over Shares in the Company at an exercise price specified in the Letter of Offer , but not in any case less than 20 cents per Share or the Market Value of a share at the time of offer of the Option whichever is the lower.

3.6 An offer of a Plan Share may specify a Share Qualifying Period during which a Plan Share or Shares may not be transferred.

3.7 The Eligible Person to whom an offer of a Plan Share or Option or a Loan is made must accept the offer by the date specified in the offer or, if no date is

specified, within 15 Business Days of the date the offer bears otherwise the offer will lapse.

- 3.8 An offer of Plan Shares or Options may be accepted in whole or in part. Partial acceptance must be for multiples of 100 Plan Shares or Options. Acceptance shall be in writing in the form prescribed by the Directors and accompanied by a payment for the subscription or purchase price of the Plan Shares accepted less the amount of any Loan accepted.
- 3.9 Upon receiving acceptance of an offer of a Loan in writing in the form prescribed by the Directors, the Company shall apply the Loan towards the subscription price of Plan Shares allotted to the Participant or in payment of the purchase price of Plan Shares to be transferred to the Participant.
- 3.10 Upon acceptance of an offer of Plan Shares the Company shall:-
- (1) allot to the Participant the number of Plan Shares accepted by the Participant; or
 - (2) arrange for a number of Shares equal to the number of Plan Shares accepted to be transferred to the Participant; or
 - (3) both allot Shares and arrange for the transfer of Shares so that the number of shares received by the Participant is equal to the number accepted.
- 3.11 Subject to these Rules, the Constitution of the Company and the terms of the offer, Shares allotted or transferred under the Plan will rank *pari passu* with all other issued Shares in respect of dividends, participating in bonus and rights issues and other such rights from the date of allotment or transfer as the case may be.
- 3.12 Upon acceptance of an offer of Options the Company shall issue the number of Options accepted by the Participant.
- 3.13 The Company may take such action in respect of uncertificated Plan Shares as may be permitted under the SCH Business Rules to restrict dealings in those Plan Shares until all amounts outstanding under the Loan granted in respect of the Plan Shares to which they relate are paid in full.

4. **Dealings with Plan Shares**

Unless:-

- (1) (i) all amounts outstanding under any Loan granted in respect of the Plan Share are repaid; and
- (ii) any Share Qualifying Period that applies to the Plan Share has expired; or
- (2) specific consent is obtained in writing from the Directors;

a holder of Plan Shares may not sell, transfer, mortgage, pledge or otherwise encumber a Plan Share.

5. **Power of Sale**

5.1.1 Where in respect of a Participant, a Loan has become repayable pursuant to Clause 3.3(2) because of the occurrence of a Disqualifying Event prior to the expiration of the Share Qualifying Period in respect of that Participant's Plan Shares, then the Company may, at the discretion of the Directors sell the Participant's Plan Shares on behalf of the Participant and apply the proceeds as follows:-

(1) to meet all costs (including stamp duty) incurred in relation to the sale of the Plan Shares;

and to the extent there remains a surplus,

(2) to repay any outstanding balances of any Loan made to the Participant;

and to the extent there remains a surplus,

(3) to meet the financial loss of any fraud that the Participant has perpetrated at any time against the Company;

and to the extent that there remains a surplus,

(4) the surplus may be retained by the Company.

provided that, subject to clause 5.1.2, if the proceeds of sale of the Participant's Plan Shares are not sufficient to repay the Loan in full the Company will not be entitled to bring any action against the Participant for any shortfall and the sale of the Participant's Plan Shares shall be a discharge of the Participant's liability to repay the Loan in respect of such Plan Shares.

5.1.2 It is a term of the Plan that the Board may, when a Loan is due, if the Board in its discretion considers that the Company might fail to recover the Amount Outstanding require that the balance of the Secured Shares held by the Company be surrendered to the Company for nil consideration and the Company will thereafter, with any necessary Shareholder and other approvals, cancel the relevant Shares surrendered and reduce the Company's capital accordingly.

5.2.1 Where in respect of a Participant a Loan becomes repayable pursuant to Clause 3.3(2) because of the occurrence of a Disqualifying Event after the expiration of the Share Qualifying Period in respect of that Participant's Plan Shares or the term of the Loan has expired and the Participant has not elected under Clause 5.3 to repay the Loan, then the Company may at the discretion of the Directors sell the Participant's Plan Shares on behalf of the Participant and apply the proceeds as follows:-

(1) to meet all costs (including stamp duty) incurred in relation to the sale

of the Plan Shares;

and to the extent there remains a surplus,

(2) to repay any outstanding balances of any Loan made to the Participant;

and to the extent there remains a surplus,

(3) to meet the financial loss of any fraud that the Participant has perpetrated at any time against the Company;

and to the extent that there remains a surplus,

(4) pay the surplus to the Participant;

provided that, subject to clause 5.2.2, if the proceeds of sale of the Participant's Plan Shares are not sufficient to repay the Loan in full the Company will not be entitled to bring any action against the Participant for any shortfall and the sale of the Participant's Plan Shares shall be a discharge of the Participant's liability to repay the Loan in respect of such Plan Shares.

5.2.2 It is a term of the Plan that the Board may, when a Loan is due, if the Board in its discretion considers that the Company might fail to recover the Amount Outstanding require that the balance of the Secured Shares held by the Company be surrendered to the Company for nil consideration and the Company will thereafter, with any necessary Shareholder and other approvals, cancel the relevant Shares surrendered and reduce the Company's capital accordingly.

5.3 If the term of the Loan has expired and the Participant within 14 days thereafter repays the Loan in full to the Company, the Participant will then be entitled to retain the Plan Shares.

6. Purchase and Exercise Price of Options

6.1 The Directors shall, at their discretion, determine the exercise price of each Option issued under this Plan. However, no Option shall be offered at an exercise price of less than 20 cents per Share or the Market Value of a Share at the time of offer of the Option.

6.2 The Directors will issue all Options under this Plan free at grant.

7. Exercise of Options

7.1 The following provisions apply generally to Options, subject to any special conditions (including conditions as to any Option Qualifying Period) of issue determined by the Directors and applied to an Option on its issue as specified in any Letter of Offer for Options.

7.2 Upon payment in cash of the exercise price for each Option, the Option Holder shall be entitled to be issued one Share. The exercise price shall be set out in a

Letter of Offer from the Company and shall only vary in instances and under the formula(e) established in Listing Rules.

- 7.3 Subject to the following clause, an Option may not be exercised if at the relevant time:-
- (1) subject to sub-paragraph (4) below, the Option Holder has ceased to be an Eligible Person; or
 - (2) the Option Holder is an insolvent under administration; or
 - (3) the Option Holder has perpetrated fraud as against the Company; or
 - (4) the Option Holder has been made redundant by the Company and the period of three months has passed; or
 - (5) the Option holder commits a breach of an obligation under these Rules.
- 7.4 Subject to the Law, in the case of death, disability or retirement at normal retiring age of the Participant there shall be a further period of 6 months from the time of death, disability or retirement of the Participant during which the Option may be exercised by the Participant or Participant's executor as the case may be after the date established by Clause 7.3, but not so as to extend the term of the Option past the term established for the Option in the Letter of Offer.
- 7.5 For the purposes of the preceding clause:-
- (1) "disability" means in respect of a Participant, physical or mental disability caused through bodily injury, illness, disease, infirmity or accident which the Directors after obtaining the advice of a registered medical practitioner consider will render the Participant unable to perform his or her duties to the Company or the controlled entity of the Company of which he is a Director or employee or officer.
 - (2) "normal retirement age" means in respect of a Participant the age of 65 years or such lesser or greater age as may be agreed in writing in respect of the Participant by the Directors and the Participant.
- 7.6 An Option Holder may only exercise an Option by giving notice to the Company on a Business Day that is not a Business Day on which the share register of the Company is closed for the determination of dividends or other entitlements.
- 7.7 Subject to Clauses 7.8 to 7.12 both inclusive, in respect of each issue of Options, the holder may exercise the Options within the time specified in the offer of Options or where no time is specified at any time within 5 years from the date of the issue of the Options.
- 7.8 Notwithstanding anything contained in this Plan or any Letter of Offer, Options shall lapse at the expiration of 5 years from the date of issue.

- 7.9 Subject to these Rules, the holders of Options may exercise the Options by completing and signing the form of application for Shares endorsed on the Option certificate and lodging the form and certificate at the Company's registered office together with payment of the exercise price.
- 7.10 Options will not be listed for quotation on any Stock Exchange.
- 7.11 An Option Holder may not without the prior written consent of the Directors, sell, transfer, mortgage, pledge or otherwise encumber an Option.
- 7.12 The Company and an Option Holder may by mutual agreement at any time during the period of an Option agree in writing to cancel the Option.

8. Shares Issuing on Exercise of an Option

- 8.1 Any Share issued upon the exercise of an Option shall be allotted as soon as reasonably practicable after the exercise of the Option and the relevant Share Certificate (if any) shall be dealt with in accordance with these Rules and the Constitution of the Company.
- 8.2 Subject to these Rules, the Constitution of the Company and the terms on which any Options were issued, Shares allotted on the exercise of any Option will rank *pari passu* with all other Shares in respect of dividends, participating in bonus and rights issues and other such rights from the date of allotment.
- 8.3 Once Shares issued on exercise of the Option are fully paid, the Company will apply as soon as is reasonably convenient for quotation of these securities with the ASX.

9. Option Certificate

- 9.1 The Company shall in relation to Options issue to each Participant a certificate in a form as is determined by the Directors from time to time.
- 9.2 The Participants shall be entitled to one certificate or its equivalent for the whole of his holding of Options or to a number of certificates or their equivalent, in reasonable denominations determined by the Board.
- 9.3 The Company shall establish and keep at its registered office or at such other place or places as may be approved by the Directors a register or registers of Option Holders.
- 9.4 All such registers of all Option Holders shall be maintained in accordance with the Law and Listing Rules.

10. Capital Changes

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options and/or the exercise price will be reconstructed in a manner which would not result in any

benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provisions with respect to the rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for the exercise of Options shall remain unchanged. In that reconstruction calculation for the number of Options and/or the exercise price, Listing Rule 7.22 (as amended from time to time) will apply.

11. **Takeovers**

- 11.1 If prior to the exercise of any Option a Take-over Offer for Shares is made to the holders of Shares in the Company, the Company shall use its reasonable endeavours to procure that there is made to each Option Holder an offer or invitation on terms which correspond with those of the offer or invitation, the holder would have received had the holder been, at the time for determining entitlement to that offer or invitation the holder of the number of Shares to which the holder would have been entitled if immediately prior to that time the Options held by the holder were exercised.
- 11.2 If the Company is unable to procure a corresponding offer or invitation within 10 Business Days of the Company becoming aware of the Take-over Offer for Shares each Option Holder shall have an immediate right to exercise his or her Options irrespective of any Option Qualifying Period or other limitation but all the other provisions of these Rules shall remain applicable except where inconsistent with the right of exercise.

12. **Bonus Issues**

In the event of any shares in the capital of the Company being issued by way of capitalisation of profit, reserves or its share premium account (“a bonus issue”) to the holders of Shares during the currency of any Option and prior to its exercise, then,

- 12.1 upon the exercise of that Option the Option Holder shall be entitled to have allotted to him (in addition to the shares to which he is otherwise entitled pursuant to that Option) the number of Shares (“the bonus shares”) which would have been issued to him if, at the date on which the entitlement to bonus shares was determined, he had been registered as the holder of the number of Shares to which he would have been entitled if he had so exercised the Option immediately prior to that date plus that number of Shares which would have previously been allotted to him as a result of prior bonus issues during the currency of the Option;
- 12.2 bonus shares issued pursuant to Clause 12.1 shall be issued credited as paid up to the same extent as those Shares issued to shareholders when the bonus issue was made and shall rank equally with the other Shares issued as a result of the bonus issue;
- 12.3 in the event of lapse of an Option the additional entitlements provided for in this Clause 12 shall lapse.

The provisions of this clause are subject to any contrary requirements contained in or which may in the future be contained in the Listing Rules.

13. **New Issues**

- 13.1 An Option Holder cannot participate in new issues of securities of the Company without first exercising the Option.
- 13.2 If, during the currency of any Option and prior to its exercise, any offer or invitation is proposed to be made by the Company for subscription for cash for Shares, options or other securities of the Company or any other company, to the holders of Shares, or if the Company issues rights to acquire Shares (other than bonus shares) securities or other interests, other than pursuant to any dividend reinvestment plan or bonus share plan applying from time to time, each Option Holder may elect to participate in such new issue of securities on the prior exercise of any Option for which purpose the Company shall in writing notify each Option Holder of the proposed issue and afford a period of not less than 10 Business Days before the record date of the Company (to determine entitlements to the issue) to exercise Options and the Company shall in relation to Options duly exercised make to each Option Holder a like offer or invitation on terms which correspond with those made to holders of Shares.

14. **General**

- 14.1 By accepting an offer of Plan Shares or a Loan or Options respectively in accordance with the Plan a Participant agrees to be bound by these Rules and any other condition or rule contained within the Letter of Offer.
- 14.2 The Directors may act for the purposes of the Plan by a Committee of Directors appointed for that purpose.
- 14.3 A Participant shall from time to time do all things (including executing all documents) necessary or desirable to give full effect to these Rules and his or her respective obligations under these Rules.
- 14.4 This Plan may be only be amended by a resolution of the members of the Company.
- 14.5 Any amendment made under this clause will be subject to the Listing Rules (for so long as the Company is admitted to the official list of ASX) and the Law requirements at that time.
- 14.6 These Rules shall be subject to the Listing Rules (for so long as the Company is admitted to the Official List of ASX) and Law requirements.
- 14.7 The Directors shall have power to:-
- (1) determine appropriate procedures for administration of the Plan consistent with the provisions of these Rules;
 - (1) resolve conclusively all questions of fact or interpretation arising in connection with the Plan and these Rules.

ADOPTED by a resolution of the shareholders of the Company on the th day of
2005