

**DATED 11 JANUARY 2012**

**ZETA PETROLEUM PLC**

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**UNAPPROVED SHARE OPTION PLAN**

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## Rules of Zeta Petroleum Unapproved Share Option Plan

Established by resolution of the Board of the Company on 11 January 2012.

### 1. INTERPRETATION

- 1.1 The definitions and Rules of interpretation in this Rule 1 apply in this Plan except where the context otherwise requires.

"**Adoption Date**" the date of the adoption of the Plan by the Company.

"**Approval Date**" means the date on which any resolution of the shareholders of the Company approving the terms of the Plan is passed.

"**ASX**" means the ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

"**Board**" the board of directors of the Company or a committee of directors appointed by that board to carry out any of its functions under the Plan.

"**Company**" Zeta Petroleum plc incorporated and registered in the United Kingdom with number 5560854.

"**Constituent Company**" any of the following:

- (a) the Company; and
- (b) any company which is a Subsidiary of the Company and at the relevant time is designated by the Board as a Constituent Company.

"**Control**" has the meaning given in section 719 of ITEPA 2003.

"**Date of Grant**" the date on which an Option is, was, or is to be granted.

"**Dealing Day**" a day on which the ASX is open for the transaction of business.

"**Eligible Person**" any individual who is either an employee or director of, or any individual or body corporate that is a consultant to, a Constituent Company.

"**Employee**" any individual who is an employee of a Group Company.

"**Exercise Price**" the price determined by the Board at which each Share subject to an Option may be acquired on the exercise of that Option, which (subject to Rule 11):

- (a) if a Share is to be newly issued to satisfy the exercise of the Option, may not be less than the nominal value of a Share; and
- (b) may not be less than any applicable minimum price specified in the Listing Rules from time to time.

"**Group Company**" any of the following:

- (a) the Company; and
- (b) any company which is a Subsidiary of the Company.

"**ITEPA 2003**" the Income Tax (Earnings and Pensions) Act 2003.

"**Listed**" means listed and admitted to trading on the ASX.

"**Listing Rules**" the official listing Rules of ASX, as amended, from time to time.

"**Market Value**" whichever of the following applies:

- (a) on any day:
  - (i) before any applicable regulations for the determination of market value are made under section 272(3) and 272(4) of the Taxation of Chargeable Gains Act 1992 (as amended by Schedule 26 of the Finance Act 2007); and
  - (ii) while Shares are listed on the ASX,

the average of the middle-market quotations for a Share on that exchange for the three immediately preceding Dealing Days; and

- (b) on any day:
  - (i) while Shares are included on the ASX; and
  - (ii) when regulations for the determination of market value made under section 272(3) and 272(4) of the Taxation of Chargeable Gains Act 1992 (as amended by Schedule 26 to the Finance Act 2007) (**Valuation Regulations**) are in force in respect of the ASX,

the value determined using a method approved by the Board which is compatible with the applicable Valuation Regulations; and

- (c) on any day when neither paragraph (a) nor paragraph (b) above applies, the market value of a Share, determined to the satisfaction of the Board (subject to Rule 7.1) in accordance with the applicable provisions of Part VIII of the Taxation of Chargeable Gains Act 1992.

"**Option**" a right to acquire a Share granted under the Plan which has neither lapsed nor been fully exercised.

"**Option Certificate**" a certificate setting out the terms of an Option, in accordance with Rule 2.3.

"**Option Holder**" an individual who holds an Option or, where applicable, his personal representatives.

**"Performance Target"** a performance target (or substituted performance target) as determined by the Board in Rule 3 of this Plan or as may be specified in any internal policies or regulations relating to share options as may be adopted from time to time by the Company or a Subsidiary.

**"Plan"** the employee share option plan constituted and governed by these Rules, as amended from time to time.

**"Shareholder"** means the holder of a share.

**"Shares"** ordinary shares of £0.001 each in the capital of the Company (subject to Rule 11).

**"Subsidiary"** a company which is a subsidiary of the Company under section 1159(1) of the Companies Act 2006, but excluding any company which is such a subsidiary only because it falls within either sub-section (1)(b) or sub-section (1)(c) of the applicable section.

**"Taxable Event"** any of the following events which may give rise to liabilities for income tax, with or without corresponding liabilities for national insurance contributions (or their equivalents in any jurisdiction):

- (a) the exercise of an Option; or
- (b) any cash payment made in settlement or part settlement of the exercise of an Option under Rule 10.1; or
- (c) any other taxable event in relation to an Option; or
- (d) the sale of:
  - (i) Shares acquired on exercise of an Option; or
  - (ii) any other securities acquired as a result of holding Shares acquired on exercise of an Option; or
- (e) any other taxable event in relation to:
  - (i) Shares acquired on exercise of an Option; or
  - (ii) any other securities acquired as a result of holding Shares acquired on exercise of an Option.

**"Tax Liability"** the total of:

- (a) any PAYE income tax and primary class 1 (employee) national insurance contributions (or any similar liability to withhold amounts in respect of income tax or social security contribution in any jurisdiction) that the Company or any employer (or former employer) of an Option Holder is liable to account for as a result of any Taxable Event; and
- (b) if:

- (i) such amounts may be lawfully recovered from the relevant Option Holder; and
- (ii) the relevant Option requires the Option Holder's agreement specified in Rule 8.3,

any secondary class 1 (employer) national insurance contributions (or any similar liability for social security contribution in any jurisdiction) that the Company or any employer (or former employer) of an Option Holder is liable to pay as a result of any Taxable Event.

1.2 Headings shall not affect the interpretation of these Rules.

1.3 A reference to one gender in these Rules shall include a reference to the other.

1.4 Words in the singular in these Rules shall include the plural and vice versa.

1.5 A reference to a statute or a statutory provision in these Rules is a reference to it as in force at the relevant time, taking account of any amendment, extension or re-enactment, and includes any subordinate legislation in force and made under it.

## 2. GRANT OF OPTIONS

2.1 Subject to the limitations and conditions of this Plan, the Company may grant such number of Options as the Board may determine to any Eligible Person it chooses at any time but not later than the third anniversary of the Adoption Date or any subsequent Approval Date.

2.2 Options may not be granted:

- (a) at any time when that grant would be prohibited by, or in breach of any:
  - (i) law; or
  - (ii) regulation with the force of law; or
  - (iii) non-statutory set of guidelines or code that applies to the Company or with which the Board wishes to comply (including the Listing Rules or any personal dealing code adopted by the Company which imposes restrictions on the grant of or dealings in options or shares).

2.3 An Option shall be granted by the Company executing an Option Certificate as a deed in a form approved by the Board. Each Option Certificate shall (without limitation):

- (a) specify the Date of Grant of the Option;
- (b) specify the number and class of Options granted to the Eligible Person;

- (c) specify the Exercise Price;
  - (d) specify the date(s) after which the Option may be exercised, unless an earlier event occurs to cause the Option to lapse or to become exercisable;
  - (e) specify the date when the Option will lapse, assuming that the Option is not exercised earlier and no event occurs to cause the Option to lapse earlier.
  - (f) specify any Performance Targets set under Rule 3;
  - (g) include a statement that the Option is subject to these Rules (which shall be incorporated in the Option Certificate by reference); and
  - (h) include the terms required by Rule 8.2, Rule 8.3 and Rule 8.6.
- 2.4 No amount shall be paid by an Eligible Person for the grant of an Option.
- 2.5 Every Option granted hereunder shall be personal to the Option Holder and, subject to the right of personal representatives to exercise the Option following the death of an Option Holder, neither the Option nor the benefit thereof may be transferred, assigned or charged and any purported transfer, assignment or charge (including without limitation assignment upon the bankruptcy of the Option Holder) shall cause the Option to lapse forthwith provided that nothing in this Rule shall prohibit an Option Holder from surrendering an Option to the Company. Both Options and the underlying Shares may be subject to "lock-ups/escrow" or other restrictions on sale in connection with any listing, as required by applicable laws or determined by the Board.
- 3. PERFORMANCE TARGETS**
- 3.1 Without prejudice to the requirements of Rule 3.4 the Board may, in its discretion, determine that the exercise of any Option (or any part thereof) proposed to be granted shall be conditional upon the attainment of a Performance Target. The terms of each Performance Target (if any) shall be determined by the Board in its discretion and shall be specified to the relevant Eligible Person at the same time as the grant of the Option.
- 3.2 Subject to the Listing Rules and Rule 11 of this Plan, where an issue or reorganisation by the Company or any of its Subsidiaries (including, without limitation, any issue of shares or securities or any reduction of capital or subdivision or consolidation of shares) or any other event or circumstance (including a change in accounting policies or practice or a change in the length of the Company's accounting period) causes the Board reasonably to consider that a different Performance Target would be a fairer measure of performance and that the different target is no more difficult to attain than the original target would have been prior to the issue or reorganisation and without amendment, the Board may determine that a new Performance Target shall be

substituted for the existing Performance Target applicable to such Option or Options.

- 3.3 Subject to the Listing Rules and Rule 11 of this Plan, if events cause the Board reasonably to consider that the Performance Target applicable to any Option has ceased to be a fair measure of performance and that no other Performance Target would be appropriate, the Board may at any time in its discretion determine that a Performance Target applicable to any Option shall cease to apply to such Option, and such Option shall thereafter be treated for all purposes as never having been subject to such Performance Target.
- 3.4 Where the Board imposes a Performance Target upon the grant of an Option and no determination is made by the Board under Rule 3.3 that it shall cease to apply, that Option may not be exercised except in accordance with such Performance Target.

#### 4. **OVERALL LIMIT ON GRANTS**

The total number of Shares which are subject to an Option shall not in any event exceed 25% of the Shares in issue from time to time.

#### 5. **RIGHTS TO EXERCISE SHARE OPTIONS**

- 5.1 An Option shall be exercisable by notice in the form prescribed from time to time by the Board given at any time or from time to time, provided that:
- (a) except as provided in Rule 10, an Option shall not be exercisable earlier than the date specified by the Company at the relevant Date of Grant;
  - (b) except as provided in Rule 10 and Rules 5.3 to 5.5, an Option shall not be exercisable until the Shares are Listed;
  - (c) no exercise of an Option (whether in whole or in part, but only to the extent that a Performance Target may be applicable thereto) shall be made unless, and until such time as, the Performance Target (if any) relating thereto has been achieved;
  - (d) if the office, employment or consultancy by virtue of which an Option Holder is eligible to participate in this Plan is terminated by reason of the gross misconduct or fraud of the Option Holder, then any Option held by such Option Holder shall thereupon cease to be exercisable or available for future exercise and shall lapse;
  - (e) if the office, employment or consultancy by virtue of which an Option Holder is eligible to participate in this Plan ceases for any reason other than the gross misconduct or fraud of the Option Holder, any Option held by that Option Holder shall (unless the Option Holder becomes or remains an employee or director of, or consultant to another Group Company) be exercisable only in accordance with and to the extent



permitted by Rules 5.3 to 5.5, and any Option shall lapse and become incapable of exercise to the extent that the Option is not so exercised; and

- (f) notwithstanding any other provision of this Plan, an Option shall lapse automatically and become incapable of exercise at the end of the period of seven (7) years after the Date of Grant relating thereto.

5.2 Options may be exercised in one or more parcels provided that (save where the exercise is in respect of the last parcel of Options held by the relevant Option Holder) any such parcel shall comprise:

- (a) not less than twenty-five per cent (25%) of the Options granted to the Option Holder; and
- (b) 100 Options or whole multiples of 100 Options.

5.3 Subject to Rule 5.1 (with the exception of Rule 5.1(b)) and Rule 9, in circumstances where an Option Holder ceases to hold the office, employment or consultancy by virtue of which he is eligible to participate in this Plan; then any Option may be exercised provided that such exercise takes place on or before the date which is six (6) months after the date on which the Option Holder ceased to hold such office, employment or consultancy.

5.4 Subject to Rule 5.1 (with the exception of Rule 5.1(b)), an Option may be exercised by the personal representatives of an Option Holder, on or before the date on which the relevant Option Holder died, and provided that at the moment of death the Option Holder was holding the office, employment or consultancy by virtue of which he was eligible to participate in this Plan, provided always that such exercise takes place on or before the date which is twelve (12) months from the date of the Option Holder's death.

5.5 The Board may, in its absolute discretion:

- (a) allow an Option Holder who has ceased to hold the office, employment or consultancy by virtue of which he is eligible to participate in this Plan to exercise any Option within the period of six (6) months from the date of his so ceasing or (if later) within the period of six (6) months from the date on which the Shares are Listed, or if he shall die within such period, allow his personal representatives to exercise it within twelve (12) months after his death; or
- (b) in any case falling within Rule 5.3 or 5.4, allow an Option Holder or the personal representatives of an Option Holder (as appropriate) to exercise any Option within forty-two (42) months from the Date of Grant of such Option if such period is longer than the periods specified in Rules 5.3 or 5.4 (as appropriate);

provided that prior to the date of such cessation the Performance Target (if any) relating to such Option or to any part thereof (so that this proviso shall

not apply to any part of an Option not subject to a Performance Target) has been achieved.

5.6 No Option may be exercised when its exercise is prohibited by, or would be a breach of, any law or regulation with the force of law or any of the following which then apply:

- (a) the Listing Rules; or
- (b) any other rule, code or set of guidelines (such as a personal dealing code adopted by the Company) with a similar purpose and effect to any of the above.

5.7 An Option may only be exercised if the Option Holder has:

- (a) confirmed his agreement to Rule 8 in writing (this confirmation may be included in the exercise notice); and
- (b) made any arrangements, or entered into any agreements, that may be required under and are referred to in Rule 8 in respect of the exercise.

5.8 If a proposed surrender or release of an Option Holder's rights under an Option for valuable consideration would give rise to a Tax Liability, the surrender or release will only be effective if:

- (a) in the instrument of release or surrender the Option Holder confirms his agreement to Rule 8; and
- (b) the Option Holder has made any arrangements, or entered into any agreements, that may be required under and are referred to in Rule 8 in respect of the surrender or release.

## 6. MANNER OF EXERCISE OF OPTIONS

6.1 The Option Holder shall give a written exercise notice (in such form as the Board shall from time to time determine) to the Company, which:

- (a) shall set out the number of Options which the Option Holder wishes to exercise. If that number exceeds the number of Options which may be validly exercised at the time:
  - (i) the Options shall be treated as exercised only in respect of that lesser number; and
  - (ii) any excess amount paid to exercise the Options or meet any Tax Liability shall be refunded;
- (b) include a power of attorney appointing the Company as the Option Holder's agent and attorney for the purposes of Rule 8.5 and Rule 8.6;
- (c) include any confirmations required by Rule 8;

- (d) be accompanied by the relevant Option Certificate. If an Option Certificate has been lost, the relevant Option may still be exercised, but the Company may make it a condition of exercise that the Option Holder shall enter into a formal acknowledgement that the Option Certificate is lost and a binding undertaking to return it for cancellation if recovered at a later date.

6.2 Any exercise notice shall be accompanied by:

- (a) payment of an amount equal to the Exercise Price multiplied by the number of Options specified in the notice, unless the Option Holder has entered into binding alternative arrangements to secure the payment of that amount to the Company which are satisfactory to the Board (in its absolute discretion); and
- (b) any payment required under Rule 8; and/or
- (c) any documentation relating to arrangements or agreements required under Rule 8.

6.3 Any exercise notice shall be invalid:

- (a) to the extent that it is inconsistent with the Option Holder's rights under these Rules and the Option Certificate; or
- (b) if any of the requirements of Rule 6.1 or Rule 6.2 are not met; or
- (c) if any payment referred to in Rule 6.2 is made by a cheque that is not honoured on first presentation or in any other manner which fails to transfer the expected value to the Company.

The Company may permit the Option Holder to correct any defect referred to in Rule 6.3(b) or Rule 6.3(c) (but shall not be obliged to do so). The date of any corrected exercise notice shall be the date of the correction rather than the original notice date for all other purposes of the Plan.

6.4 Shares shall be allotted and issued (or transferred, as appropriate) within 30 days after a valid Option exercise, subject to the other Rules of this Plan.

6.5 Except for any rights determined by reference to a date before the date of allotment, Shares allotted and issued in satisfaction of the exercise of an Option shall rank equally in all respects with the other shares of the same class in issue at the date of allotment.

6.6 Shares transferred in satisfaction of the exercise of an Option shall be transferred free of any lien, charge or other security interest, and with all rights attaching to them, other than any rights determined by reference to a date before the date of transfer.

- 6.7 If the Shares are listed or traded on any stock exchange, the Company shall apply to the appropriate body for any newly issued Shares allotted on exercise of an Option to be listed and/or admitted to trading on that exchange.

## 7. ALTERNATIVE SETTLEMENT ON OPTION EXERCISE

- 7.1 Instead of delivering the number of Shares specified in the relevant exercise notice, the Company (at its discretion) may settle any Option exercise by (subject to the Option Holder's consent, and subject also to the Company obtaining any necessary Shareholder approval) paying to the Option Holder (or procuring the payment to the Option Holder of) a cash amount in Australian dollars (in this Rule 7, the "**Cash Settlement**") equal to:

- (a) the current Market Value of the number of Shares over which the Option was exercised (which Market Value shall be confirmed by a share valuer appointed by the Board, who shall act as an expert, not an arbitrator, where paragraph (c) of the definition of Market Value applies), less
- (b) the total Exercise Price that would have been payable on that exercise, and refunding the amount of any payment in respect of Exercise Price (and, if necessary, any payment, or part of any payment, in respect of any Tax Liability) already made by the Option Holder.

## 8. TAX LIABILITIES

- 8.1 The definitions in this Rule 8.1 apply in this Rule 8.

**"Employer NICs"** Any secondary class 1 (employer) national insurance contributions (or any similar liability for social security contribution in any jurisdiction) that the Company or any employer (or former employer) of an Option Holder is liable to pay as a result of any Taxable Event (or which such person would be liable to pay in the absence of an election of the type referred to in Rule 8.3(b)) and which may be lawfully recovered from the Option Holder.

**"Sufficient Shares"** the smallest number of Shares which, when sold, will produce an amount at least equal to the relevant Tax Liability (after deduction of brokerage and any other charges or taxes on the sale).

- 8.2 Each Option shall include a requirement that the Option Holder irrevocably agree to:

- (a) pay to the Company, his employer or former employer (as appropriate) the amount of any Tax Liability; or
- (b) enter into arrangements to the satisfaction of the Company, his employer or former employer (as appropriate) for payment of any Tax Liability.

8.3 Unless the Constituent Company which employs the proposed Option Holder on the relevant Date of Grant directs that it shall not, each Option shall include a requirement that the Option Holder irrevocably agree that:

- (a) the Company, his employer or former employer (as appropriate) may recover the whole or any part of any Employer NICs from the Option Holder; and
- (b) at the request of the Company, his employer or former employer, the Option Holder shall elect (using a form approved by HM Revenue & Customs) that the whole or any part of the liability for Employer NICs shall be transferred to the Option Holder.

8.4 An Option Holder's employer or former employer may decide to release the Option Holder from, or not to enforce, any part of the Option Holder's obligations in respect of Employer NICs under Rule 8.2 and Rule 8.3.

8.5 If an Option Holder does not fulfil his obligations under either Rule 8.2(a) or Rule 8.2(b) in respect of any Tax Liability arising from the exercise of an Option within seven days after the date of exercise and Shares are readily saleable at that time, the Company will sell Sufficient Shares on behalf of the Option Holder from the Shares which would otherwise be delivered to the Option Holder and from the net proceeds of sale of those withheld Shares, the Company shall retain an amount equal to the Tax Liability and shall pay any balance to the Option Holder. The Option Holder's obligations under Rule 8.2(a) and Rule 8.2(b) shall not be affected by any failure of the Company to withhold shares under this Rule 8.5.

8.6 Each Option shall include a requirement that the Option Holder irrevocably agree to enter into a joint election, under section 431(1) or section 431(2) of ITEPA 2003, in respect of the Shares to be acquired on exercise of the relevant Option, if required to do so by the Company, his employer or former employer, on or before any date of exercise of the Option.

## 9. **RELATIONSHIP WITH EMPLOYMENT CONTRACT**

9.1 The rights and obligations of any Option Holder under the terms of his office or employment with any Group Company or former Group Company shall not be affected by being an Option Holder.

9.2 The value of any benefit realised under the Plan by Option Holders shall not be taken into account in determining any pension or similar entitlements.

9.3 Option Holders and Employees shall have no rights to compensation or damages on account of any loss in respect of Options or the Plan where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) termination of office or employment with; or
- (b) notice to terminate office or employment given by or to,

any Group Company or former Group Company. This exclusion of liability shall apply however termination of office or employment, or the giving of notice, is caused, and however compensation or damages may be claimed.

9.4 Option Holders and Employees shall have no rights to compensation or damages from any Group Company or former Group Company on account of any loss in respect of Options or the Plan where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) any company ceasing to be a Group Company; or
- (b) the transfer of any business from a Group Company to any person which is not a Group Company.

This exclusion of liability shall apply however the change of status of the relevant Group Company, or the transfer of the relevant business, is caused, and however compensation or damages may be claimed.

9.5 An Employee shall not have any right to receive Options, whether or not he has previously been granted any.

## 10. TAKEOVERS AND LIQUIDATIONS

10.1 Subject to Rule 10.4 if any person (in this Rule 10.1, the "**Offeror**")

- (a) makes an offer to acquire the whole of the issued share capital of the Company which is made on a condition such that, if it is satisfied, the Offeror will have Control of the Company; or
- (b) makes an offer to acquire all the shares in the Company which are of the same class as the Shares; or
- (c) negotiates a share sale and purchase agreement with the shareholders of the Company which contemplates that the Offeror will obtain Control of the Company upon completion,

then any Option may (subject to Rules 5.1(c), 5.1(d), 5.1(e) and 5.1(f)) be exercised within a reasonable period to be specified by the Board for that purpose and ending immediately before the Offeror obtains Control of the Company as a result of the offer or the share sale and purchase agreement.

10.2 Subject to Rule 10.4, if any person (in this Rule 10.2, the "**Controller**") obtains Control of the Company as a result of:

- (a) making an offer to acquire the whole of the issued share capital of the Company which is made on a condition such that, if it is satisfied, the Controller will have Control of the Company; or
- (b) making an offer to acquire all the shares in the Company which are of the same class as the Shares; or

- (c) entering into a share sale and purchase agreement of the type described in Rule 10.1(c),

then any Option may (subject to Rules 5.1(c), 5.1(d), 5.1(e) and 5.1(f)) be exercised within six weeks after the time when the Controller has obtained Control of the Company and (if relevant) any condition subject to which the offer is made has been satisfied. Any Option to which this Rule 10.2 applies shall:

- (d) if the Controller has offered to grant Option Holders replacement share options in consideration of the surrender of Options and either:
- (i) that offer remains open for acceptance; or
  - (ii) the surrender and grant of share options under that offer is yet to be completed,

at the end of the period for exercise under this Rule 10.2, lapse when the surrender and grant of share options under that offer is completed. Any Option to which this Rule 10.2(d) applies shall not be capable of exercise under any Rule of the Plan (other than Rule 10.3) after it ceases to be capable of exercise under Rule 10.2; or

- (e) if Rule 10.2(d) does not apply, lapse at the end of the period for exercise under this Rule 10.2.

10.3 Subject to Rule 10.4, any Option may be exercised during the period of one month commencing when any person becomes bound or entitled to acquire Shares under Chapter 3 of Part 28 of the Companies Act 2006, subject to Rules 5.1(c), 5.1(d), 5.1(e) and 5.1(f). Any Option to which this Rule 10.3 applies shall lapse:

- (a) at the end of the period for exercise under this Rule 10.3; or
- (b) if later, at the time specified for the lapse of Options under Rule 10.2, if it then applies.

10.4 The Board, in its discretion, may determine that any event which would trigger the exercise of Options (and, if relevant, the lapse of Options) under Rule 10.1, Rule 10.2 or Rule 10.3 shall not do so if that event takes place in the course of any corporate reconstruction or reorganisation under which the ultimate beneficial ownership of the businesses of the Constituent Companies will remain the same and the arrangements for the corporate reorganisation or reconstruction include appropriate provisions for either:

- (a) the replacement of Options; or
- (b) other compensation of Option Holders for the loss of Options,

which the Board, in its reasonable opinion, consider to be fair.

10.5 Unless the relevant compromise or arrangement includes appropriate provisions for:

- (a) the replacement of Options; or
- (b) other compensation for Option Holders for the loss of Options,

which the Board, in its reasonable opinion, consider to be fair, any Option may be exercised within six weeks after any person (in this Rule 10.5, the **Controller**) obtains Control of the Company as a result of the court sanctioning a compromise or arrangement under Part 26 and (where applicable) Part 27 of the Companies Act 2006, subject to Rules 5.1(c), 5.1(d), 5.1(e) and 5.1(f). Any Option to which this Rule 10.5 applies shall:

- (c) if the Controller has offered to grant Option Holders replacement share options in consideration of the surrender of Options and either:
  - (i) that offer remains open for acceptance; or
  - (ii) the surrender and grant of share options under that offer is yet to be completed,

at the end of the period for exercise under this Rule 10.5, lapse when the surrender and grant of share options under that offer is completed. Any Option to which this Rule 10.5(c) applies shall not be capable of exercise under any Rule of the Plan after it ceases to be capable of exercise under Rule 10.5; or

- (d) if Rule 10.5(c) does not apply, lapse at the end of the exercise period specified in this Rule 10.5.

10.6 In this Rule 10, a person shall be deemed to have obtained Control of a company if he, and others acting with him, have obtained Control of it together.

10.7 If the shareholders of the Company receive notice of a resolution for the voluntary winding up of the Company, any Option may be exercised in the period before that resolution is withdrawn, rejected or passed.

10.8 The Board shall notify Option Holders of any event that is relevant to Options under this Rule 10 within a reasonable period after the Board becomes aware of it.

## 11. VARIATION OF SHARE CAPITAL

11.1 If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules at the time of the reconstruction.

11.2 There are no participating rights or entitlements inherent in the Options and the Option Holder will not be entitled to participate in new issues of capital



offered to other Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 working days after the issue is announced. This will give the Option Holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

11.3 An Option will not confer the right to a change in the Exercise Price or a change in the number of underlying shares over which the Option can be exercised.

## 12. NOTICES

12.1 Any notice or other communication required or made in connection with any Option or otherwise under this Plan shall be in writing and shall be:

- (a) delivered personally; or
- (b) sent by pre-paid first-class post; or
- (c) sent by recorded delivery post; or
- (d) sent by commercial courier; or
- (e) sent by e-mail (but e-mail communications shall only be treated as validly sent if an appropriate report of receipt has been returned to the sender by the e-mail system).

12.2 Communications made in accordance with Rule 12.1 shall be addressed to the parties interested in the Plan as specified below:

- (a) in the case of communications to any Employee or Option Holder, to:
  - (i) his work address; or
  - (ii) his home address, meaning that most recently notified to the sender; or
  - (iii) his work e-mail address; or
  - (iv) if one has been notified to the sender, his private e-mail address; and
- (b) in the case of communications to an Option Holder who has died (where the sender has notice of the death), to:
  - (i) the Option Holder's home address, meaning that most recently notified to the sender; or
  - (ii) any address (marked for the attention of any specified person) or any e-mail address that the Option Holder's personal

representatives have notified to the Company for such communications; and

- (c) in the case of communications to the Company, to:
  - (i) its registered office, marked for the attention of the Secretary; or
  - (ii) any other address (marked for the attention of any specified person) that may have been notified by the Company to the sender; or
  - (iii) any e-mail address that may have been notified by the Company to the sender.

12.3 Communications made to any Employee, Option Holder or Option Holder's personal representatives shall be deemed to have been duly received:

- (a) if delivered personally, when left at the relevant address; or
- (b) if sent by pre-paid first-class post or recorded delivery post, at 12 noon on the second business day after posting; or
- (c) if sent by commercial courier, at the time specified on the signed delivery receipt; or
- (d) if sent by e-mail, at the time specified in the relevant report of receipt returned to the sender.

12.4 Communications sent to the Company shall:

- (a) be duly made only if actually received in accordance with this Rule 12; and
- (b) shall be treated as made at the time they are received for all purposes of the Plan.

12.5 This Rule 12 shall not apply to the service of any proceedings or other documents in any legal action.

### 13. ADMINISTRATION AND AMENDMENT

13.1 The Plan shall be administered by the Board.

13.2 Subject to the requirements of the Listing Rules the Board may amend the Plan from time to time, but:

- (a) no amendment may have a materially adverse effect on Options granted before the amendment was made, except that each Option Holder may consent to the application to his Option(s) of any such amendment; and

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(b) no amendment may be made without the prior approval of the Company in general meeting if it would:

- (i) make the terms on which Options may be granted materially more generous; or
- (ii) increase any of the limits specified in Rule 3; or
- (iii) change the definition of Eligible Person to expand the class of potential Option Holders; or
- (iv) change Rule 11 to the benefit of Option Holders,

unless it is a minor amendment to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Option Holders or for the Company or any Constituent Company.

13.3 The Company shall ensure that at all times:

- (a) the Company has sufficient authorised and unissued or treasury Shares available, taking into account any other obligations of the Company to issue Shares and to transfer Shares from treasury; and/or
- (b) arrangements are in place for any third party to transfer issued Shares, to satisfy the exercise of all Options.

13.4 The Board shall determine any question of interpretation and settle any dispute arising under the Plan. In such matters, the Board's decision shall be final.

13.5 The Company shall not be obliged to notify any Option Holder if an Option is due to lapse.

13.6 The Company shall not be obliged to provide Option Holders with copies of any materials sent to the holders of Shares.

13.7 The Rules of the Plan, all Options and any dispute or claim arising out of or in connection with the Plan or any Option or its subject matter or formation (including a non-contractual dispute or claim) shall be governed by, and interpreted in accordance with, the laws of England and Wales.

13.8 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including a non-contractual dispute or claim) that arises out of or in connection with:

- (a) the Plan or its subject matter; and
- (b) any Option or its subject matter or formation.

14. **OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE**

14.1 Notwithstanding the Rules of the Plan or the terms of any Option, no Option may be offered, granted or exercised and no Share may be issued or transferred to an Eligible Person under the Plan if to do so:

- (a) Would contravene the Listing Rules or any other applicable law; or
- (b) Would contravene the local laws or customs of an Eligible Person's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

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