



SDI LIMITED

ACN: 008 075 581

Employee Share Plan Rules

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Employee Share Plan Rules

1. Definitions and Interpretation

1.1 Definitions

In these Rules, unless the contrary intention appears, terms defined in the Corporations Act 2001 or Listing Rules have the same meaning in these Rules, and:

“Application and Acceptance Form” means a form enabling an Employee to make a written acceptance of an Offer of, or an application for Plan Shares in such form as the Board may decide from time to time;

“ASX” means Australian Stock Exchange Limited;

“Board” means the Board of Directors of the Company;

“Company” means SDI Limited (A C N: 008 075 581);

“Employee” means a person who is a full-time or permanent part-time employee (other than members of the Board and their associates) of the Company or a subsidiary of the Company who has completed at least 12 months service, other than any such person who has given a notice of resignation or who has been given a notice of termination of their employment;

“Employee Share Plan” means the SDI Limited Employee Share Plan comprised by these Rules;

“Issue Price” means the price (if any) at which a Share will be issued as determined by the Board and stated in the Offer;

“Listed” means the Company being and remaining admitted to the official list of the ASX;

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

“Market Price” means the weighted average sale price of Shares on the ASX over the one week period up to and including the date of the acceptance of the Offer;

“Offer” means an offer of Shares made to an Employee pursuant to clause 3;

“Participant” means an Employee who makes a valid acceptance of an Offer;

“Plan” means the Employee Share Plan;

“Plan Shares” means Shares issued pursuant to these Rules;

“Restricted Share” means a Plan Share in respect of which restriction applies under this Plan;

“Restriction Period” means such period or periods during which Plan Shares must not be sold or disposed of, being as specified in clause 2.2(b) in respect of Plan Shares issued under the Employee Share Plan;

“Rules” means these rules governing this Plan as amended from time to time;

“Shares” means a fully paid ordinary share of the Company; and

“Tax Act” means the Income Tax Assessment Act 1936, or any legislation amending or replacing the provisions of that Act relating to the issue of Shares to Employees.

1.2 Interpretation

In these Rules unless the context clearly indicates a contrary intention:

- (a) the singular includes the plural and vice versa; and
- (b) any gender includes all genders

1.3 Headings

Headings are for convenience only and do not affect the interpretation of these Rules.

2. Issue of Plan Shares

2.1 Subject to this clause 2, the Company may issue Shares under the Plan to Employees at such times and in such numbers and at such Issue Prices, as the Board may determine in its absolute discretion, in the following circumstances.

2.2 Under the Employee Share Plan:

(a) The Company may issue Shares for no consideration or at an Issue Price which is at a discount to the Market Price with the intention that up to \$1,000 (or such other amount as may be exempted from tax under the Tax Act from time to time) of the total value or discount received by each Employee will be exempt from tax.

(b) The Restriction Period for Plan Shares issued under the Employee Share Plan will expire on the earlier of:

- (i) three years from the date of issue of such Plan Shares; or
- (ii) the time when a Participant ceases to be an employee of the Company or a Subsidiary of the Company.

(c) The Board must operate the Employee Share Plan on a non-discriminatory basis as defined by section 139 GF of the Tax Act.

3. Offers

3.1 Subject to clause 4, the Company may make an Offer to any Employee.

3.2 Each Offer must be in writing, include an Application and Acceptance Form, and must specify the following:

- (a) the name and address of the Employee to whom the Offer is made;
- (b) the minimum and/or maximum number of Plan Shares for which the Employee may or must accept the Offer, or the manner in which such minimum or maximum number of Plan Shares is to be determined;
- (c) the Issue Price (if any) for the Plan Shares, or the manner in which the Issue Price is to be determined;
- (d) the amount (if any) payable for the Plan Shares on return of the Application and Acceptance Form and the method of payment;

- (e) if the Company restricts the right of the Employee to sell or otherwise deal with all or any of the Plan Shares, details of such restrictions;
- (f) the date by which the Offer must be accepted;
- (g) any other provisions, terms or conditions applicable to the Offer; and
- (h) any other matters required to be specified in the Offer by either the Corporations Act 2001 or the Listing Rules.

3.3 The Offer must include an undertaking by the Company to provide to a Participant within a reasonable period of being so requested, the current market price of the Shares.

4. Total Number of Shares

4.1 Disregarding:

- (i) any offer or issue of Shares or options made to persons situated at the time of receipt of the offer or issue outside Australia; and
- (ii) shares or options issued pursuant to an excluded offer under the Corporations Law as it applied prior to 13 March 2000; and
- (iii) an offer that did not need disclosure under Part 6D.2 of the Corporations Act 2001 thereafter,

an Offer of Shares must not be made if the total of the following:

- (a) the number of Shares which are the subject of the Offer;
- (b) the total number of Shares which are the subject of any outstanding Offers;
- (c) the total number of Shares issued during the previous five years pursuant to this Plan or any other employee share plan of the Company; and
- (d) the total number of Shares which would be issued under all outstanding options issued under any employee option plan of the Company but not exercised, terminated or expired;

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

4.2 Clause 4.1 does not apply to an Offer which does not require disclosure under Part 6D.2 of the Corporations Act 2001.

4.3 No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Corporations Act 2001, the provisions concerning qualifying shares in Division 13A of Part III of the Tax Act or any other applicable law.

5. Acceptance

5.1 An Offer may only be accepted by an Employee completing, signing and returning the Application and Acceptance Form, as required by the Offer, by not later than the date specified in the Offer.

5.2 An Offer lapses if it is not accepted by the Employee to whom the Offer is made as required under clause 5.1.

6. Issue of Plan Shares

6.1 After an Offer has been accepted in accordance with clause 5.1, the Company will immediately allot and issue the Plan Shares in respect of which the Participant has accepted the Offer.

6.2 The Plan Shares will upon allotment be:

- (a) credited as fully paid;
- (b) rank equally for dividends declared on or after the date of allotment, but will carry no right to receive any dividend declared before the date of allotment; and
- (c) subject to any restrictions imposed under these Rules, will otherwise rank equally with the existing issued fully paid ordinary Shares of the Company at the time of allotment.

6.3 The Company will apply for official quotation of the Plan Shares on the ASX within the time limit imposed by the Listing Rules when the Plan shares cease to be Restricted Shares.

7. Restricted Shares

7.1 A Participant must not sell, transfer, mortgage or otherwise dispose of any Restricted Shares during the Restriction Period.

7.2 If the Company makes a pro rata bonus issue to holders of Restricted Shares, the Shares issued to Participants under the pro rata bonus issue will be subject to the same Restriction Period that applied to the Restricted Shares issued to the Participant under the Plan.

7.3 If a takeover bid is made to acquire the whole or any part of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction, selective buy-back, or other transaction is initiated which has an effect similar to a full takeover bid for Shares in the Company, then the Board may in its absolute discretion give notice to Participants waiving any restrictions in respect of Restricted Shares, and Participants shall then be entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their Plan Shares notwithstanding that the Restriction Period in respect of such Plan Shares has not expired.

7.4 The Company may implement such procedures it considers appropriate to ensure that Restricted Shares are not disposed of during the Restriction Period, including issuing such Shares on a certificated basis and retaining the share certificate for such Shares or applying a holding lock in respect of such Shares.

7.5 If a Participant dies before the end of the Restriction Period, then the legal personal representative of the deceased Participant will have the same rights and benefits and be subject to the same obligations in respect of those Plan Shares as the deceased Participant would have had or been subject to had they survived until the end of the Restriction Period.

8. Power of Attorney

In consideration of the issue of the Plan Shares, each Participant will be deemed to irrevocably appoint the Secretary for the time being of the Company as his attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his name and on his behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules and the Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done pursuant to this power and to indemnify the attorney in respect thereof.

9. Powers of the Board

9.1 The Plan will be administered by the Board or a committee of the Board which will have an absolute discretion to:

- (a) determine appropriate procedures for administration of the Plan consistent with the Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;
- (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of their power or discretions under the Plan or these Rules; and
- (d) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules to apply to Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions.

9.2 While the Company is Listed, the Board may only exercise its powers in accordance with the Listing Rules.

10. Commencement, Suspension, Termination and Amendment of the Plan

10.1 Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Shares, the Plan will take effect when the Board decides.

10.2 The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.

11. Miscellaneous

- 11.1 No broker's fees or commissions are payable by Employees for the issue of Shares pursuant to this Plan.
- 11.2 Participants issued Plan Shares under this Plan are bound by these Rules and by the Constitution of the Company.
- 11.3 Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant may be given or made by the Board or such persons as it may direct on behalf of the Company.
- 11.4 Participation in the Plan does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may have to terminate the employment or appointment of an Employee.
- 11.5 Participation in the Plan, or the issuing of any Plan Shares does not form part of the Employee's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Employee upon the termination of employment.

12. Governing Law

These Rules are governed by and construed in accordance with the laws for the time being in force in the State of Victoria.