

Q LTD
ACN 083 160 909
INCENTIVE OPTION SCHEME
Terms and Conditions

The Directors are empowered to operate the Q Ltd Incentive Option Scheme (the “**Scheme**”) on the following terms and in accordance with the Listing Rules of Australian Stock Exchange Limited (“**ASX**”):

- (a) Eligible participants shall be full time or part time employees, directors and contractors of Q Ltd (the “**Company**”) or an Associated Body Corporate;
- (b) The formula by which the entitlements of eligible participants shall be determined shall be at the absolute discretion of the Directors and shall take into account skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances;
- (c) The Directors may in their discretion offer to grant options to acquire fully paid ordinary shares (“**Shares**”) in the Company (“**Options**”) for the benefit of eligible participants subject only to the condition that, at the time of the offer, the Company’s securities have been quoted on ASX throughout the 12 month period preceding the offer, without suspension during that period exceeding in total 2 trading days;
- (d) The total number of securities that may be in existence under the Scheme at any time shall not exceed 5% of the total number of issued shares in that class on issue in the capital of the Company as at the date of any offer pursuant to this Scheme. To determine the total number of securities that may be in existence under the Scheme, the following shall be taken into account:
 - (i) the total number of shares in that class which would be issued were each Option granted pursuant to the Scheme exercised; and
 - (ii) the number of Shares in the same class issued by the Company pursuant to all employee share or option schemes during the previous five years;
- (e) Options will be issued free of charge to the participants. The exercise price of the Options shall be as the Directors in their absolute discretion determine, provided the exercise price shall not be less than the lower of:
 - (i) the average market price on ASX on the trading day prior to the day the Directors resolve to grant the Options; and
 - (ii) 35 cents;
- (f) Options shall be exercisable within such period(s) or upon such events(s) as the Directors may specify at the date of grant and the Directors may specify maximum numbers which may be exercised annually. All Options with a common expiry date shall have the same exercise prices, exercise dates and rights of participation in issues of securities by the Company. Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
 - (i) the expiry of the exercise date;
 - (ii) the Option holder ceasing to be within the category of eligible participant by reason of dismissal, resignation or termination of employment, office or services for any reason;
 - (iii) the expiry of 30 days after the Option holder ceases to be within the category of eligible participant by reason of retirement; or
 - (iv) a determination by the Directors that the participant has acted fraudulently, dishonestly or in breach of the obligations of the participant to the Company or its Associated Body Corporate;
- (g) Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share in the Company;

- (h) Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue;
- (i) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 10 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue;
- (j) Options will not be quoted on ASX. However, application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of Options if the Company's Shares are listed on ASX at that time;
- (k) An application to be issued Options may be made by persons invited to participate in the Scheme in such form and upon such terms and conditions concerning the closing date for applications as are approved by the Directors from time to time;
- (l) If at any time the issued capital of the Company is reconstructed, the Options shall be reconstructed in a manner consistent with the Listing Rules;
- (m) Subject to and in accordance with the Listing Rules (including any waiver granted under such Listings Rules), the Directors (without the necessity of obtaining the prior or subsequent consent of shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Terms and Conditions in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Option granted before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained;
- (n) At the absolute discretion of the Directors, the terms upon which Options will be granted may incorporate performance related factors. Such factors may reflect, inter alia, profitability levels, increases in production or decreases in production costs and may, subject to paragraph (m) above, be amended from time to time in a manner favourable to the Option holder. However such performance related factors, if included in the Options terms of grant or so amended shall not act in any way to constitute a breach of the Terms and Conditions;
- (o) Notwithstanding the Terms and Conditions, upon the occurrence of a Trigger Event the Directors may determine:
 - (i) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
 - (ii) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse;
- (p) An Option may not be transferred or assigned except that a legal personal representative of a holder of an Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement;
- (q) An Option is exercisable by the holder lodging with the Company a notice of exercise of Option in the form set out in the Schedule or in such form as is approved by the Directors from time to time, together with a cheque for the exercise price of each Option to be exercised and the relevant Option certificate or such other evidence of ownership that the Directors may determine from time to time. If not all of the holder's Options are being exercised, a holder must exercise Options in multiples of 1,000;

- (r) The Directors may appoint for the proper administration and management of the Scheme, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Scheme. Subject to the provisions of the Terms and Conditions, the Directors may make such regulations and establish such procedures for the administration and management of the Scheme as they consider appropriate. The decision of the Directors as to the interpretation, effect or application of the Terms and Conditions will be final;
- (s) Neither participation in the Scheme by the Company or an Associated Body Corporate or any eligible participants or Option holders or anything contained in these Terms and Conditions shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any eligible participant or Option holder or to vary the terms of employment of any eligible participant or Option holder. Nor shall participation or the rights or benefits of an eligible participant or Option holder under the Terms and Conditions be relevant to or used as grounds for granting or increasing damages in any action brought by an eligible participant or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise;
- (t) At all times during which eligible participants may subscribe for or purchase Shares upon exercise of an Option issued pursuant to the Scheme, the Company shall provide, within a reasonable period of a request by an eligible participant, the current market price and the offer price of the Options and the Shares. The manner in which this information will be made available shall be explained in the invitation to participants to purchase Shares; and
- (u) For the purpose of the Scheme the following words have the following meanings:

“Associated Body Corporate” means:

- (i) a related body corporate (as defined in the Corporations Law) of the Company;
- (ii) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (iii) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares;

“ASX” means Australian Stock Exchange Limited;

“Business Day” means those days other than a Saturday, Sunday, New Year’s Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day;

“Corporations Law” means the Corporations Law provided for in the Corporations Act 2001 (as amended);

“Listing Rules” means the official listing rules of ASX as amended from time to time;

“Terms and Conditions” means these Terms and Conditions as amended from time to time;

“Trigger Event” means:

- (a) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Law;
- (b) the service of a Part A Statement, a Part C Statement or a like document on the Company; or
- (c) the date upon which a person or a group of associated person becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.