HWL EBSWORTH
LAWYERS

Employee Option Plan

Plan Rules

Atomo Diagnostics Limited
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Doc ID 710619743/v1

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Plan Rules

1. Definitions and interpretation

1.1 Definitions

In these Rules, unless something else is clearly intended:

Act	means the *Corporations Act 2001* (Cth).
Application	means an application by an Eligible Employee for Options referred to in Rule 3.2(a).
Associated Company	means a body that: (a) is a related body corporate of the Company in terms of section 50 of the Act; (b) the Board determines will participate in the Plan; and (c) agrees to be bound by these Rules.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691, or the securities exchange conducted by that entity, as the context requires.
Board	means the board of directors of the Company or a committee appointed by the Board.
Business Day	means a day that is not a Saturday, Sunday or a public holiday in New South Wales.
Certificate	means the certificate issued by the Company to a Participant in respect of an Option, in such form as the Board may approve from time to time or, if the Board has determined that Options will be uncertificated, a statement issued to the Participant that discloses the number of Options entered in the register of Option holders.
Company	means Atomo Diagnostics Limited ACN 142 925 684.

Eligible Employee	means an Employee whom the Board determines to be eligible to participate in the Plan.
Employee	means a natural person who is a: (a) permanent full-time or permanent part-time employee of an Employing Company; or (b) director of an Employing Company.
Employing Company	means the Company and any Associated Company.
Exercise Notice	means a duly completed and executed notice of exercise of an Option by a Participant in the form approved by the Board from time to time.
Exercise Period	means the period commencing on the First Exercise Date and ending on the Last Exercise Date.
Exercise Price	means the price determined by the Board and specified in an Invitation that the Participant pays per Share upon exercising the Options, as may be adjusted in accordance with Rule 4.
Event	means: (a) a takeover bid is made to the holders of Shares; (b) pursuant to an application made to the Court, the Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company; (c) the Company passes a resolution for voluntary winding up; (d) an order is made for the compulsory winding up of the Company; or (e) any other circumstances determined by the Board from time to time.
First Exercise Date	means the date determined by the Board and specified in an Invitation.
Invitation	means an invitation to participate in the Plan referred to in Rule 3.1(a).
Last Exercise Date	means the day ending at 5.00pm in New South Wales time on such date determined by the Board and specified in an Invitation.

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.
Option	means an option granted under the Plan to subscribe for one fully paid share in the capital of the Company.
Option Fee	means any fee determined by the Board and specified in an Invitation which is payable by an Eligible Employee to the Company on making an Application.
Participant	means an Eligible Employee who: (a) has received an Invitation; and (b) makes an Application which is accepted by the Board.
Permanent Disablement	means disablement of a Participant with the effect that, in the Board's opinion, it is likely to be permanent and will prevent the Participant continuing in their employment with an Employing Company.
Plan	means the Atomo Diagnostics Limited Employee Option Plan constituted by these Rules.
Redundancy	means the: (a) termination of employment of a Participant with an Employing Company by reason of restructure or change in the state of affairs of the Employing Company whereby the position previously occupied by the Participant no longer exists with the Employing Company; or (a) Employing Company that employs a Participant ceasing to be an Employing Company and that Participant does not contemporaneously become employed with another Employing Company, and the Board determines that such an event qualifies as a redundancy for the purposes of these Rules.
Relevant Requirements	means any performance, vesting and/or other criteria determined by the Board and specified in an Invitation, as reduced or waived in whole or in part at any time by the Board and notified to the Participant.
Retirement	means the termination of a Participant's employment with an Employing Company at the normal retirement age or at any other time, including early retirement, with the Employing Company's consent but excluding dismissal or resignation.
Rules	means these rules of the Plan, as amended from time to time.

Security Interest	means a mortgage, charge, pledge, lien or other encumbrance of any nature.
Shares	means fully paid ordinary shares in the capital of the Company.
Special Circumstances	means Retirement, Redundancy, death or Permanent Disablement of a Participant or other circumstances that the Board determines from time to time.
Tax	means all kinds of taxes, duties, imposts, deductions, charges and withholdings imposed by a government, together with interest and charges.

1.2 Interpretation

In these Rules, unless something else is clearly intended:

(a) the transfer by a Participant from one Employing Company to another does not constitute cessation of employment;

(b) if an Employing Company which is the employer of a Participant ceases to be an Employing Company and the Participant does not contemporaneously become an Employee of another Employing Company, that Participant ceases to be an Eligible Employee;

(c) a reference to these Rules is a reference to these Rules as amended, varied, novated, supplemented or replaced from time to time;

(d) a reference to any document is a reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;

(e) a reference to any legislation or any provision of any legislation includes:

(i) all regulations, orders or instruments issued under the legislation or provision; and

(ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;

(f) words or expressions:

(i) importing the singular include the plural and vice versa;

(ii) importing a gender include the other genders; and

(iii) denoting individuals include corporations, firms, unincorporated bodies, authorities and instrumentalities;

(g) a reference to a party to these Rules includes that party's executors, administrators, successors and permitted assigns;

(h) where a word or phrase is defined or given meaning, any other part of speech or grammatical form has a corresponding meaning;

(i) any heading, index, or table of contents is for convenience only and does not affect the interpretation of these Rules;

(j) where an act would be required to be done, or a time limit or period would expire, on a day which is not a Business Day, the act may be done, or the limit or period will expire, on the following Business Day;

(k) a reference to any thing (including to any right) includes a part of that thing;

(l) a right includes any remedy, privilege, authority or power;

(m) where a consent or approval is required under these Rules, the requirement will, unless something else is clearly intended, mean the prior written consent or approval;

(n) wherever used in these Rules, the expressions "including", "such as" and similar expressions shall not imply any limitation; and

(o) a reference to notice means written notice given in the manner provided in these Rules for service of notices.

2. Operation of the Plan

2.1 Purpose

The Plan provides Eligible Employees with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with shareholders and provide greater incentive for them to focus on the Company's longer-term goals.

2.2 Commencement

The Plan commences on the date that these Rules are adopted by the Board.

2.3 Operation

The Plan must be operated in accordance with these Rules which bind each Employing Company and each Participant.

2.4 Plan Expenses

The Company must pay all expenses, outgoings, costs and charges incurred in establishing and operating the Plan excluding the costs related to the issue of Shares pursuant to an exercise of Options or any other dealing with the Options and Shares.

3. Grant Of Options

3.1 Invitation

(a) The Board may from time to time invite an Eligible Employee to participate in the Plan and make an Application (**Invitation**).

(b) Each Invitation must specify the:

(i) name and address of the Eligible Employee to whom the Invitation was made;

(ii) date of the Invitation;

(iii) number of Options available to the Eligible Employee;

(iv) Option Fee (if applicable);

(v) Exercise Price or the manner of determining the Exercise Price;

(vi) duration of the Options;

(vii) First Exercise Date;

(viii) Last Exercise Date;

(ix) dates or time periods for exercising the Options for the purposes of Rule 4.2(d) applicable at the date of the Invitation;

(x) time period for making an Application;

(xi) Relevant Requirements (if any); and

(xii) other specific terms and conditions applicable to the Invitation (if any) which are not inconsistent with these Rules.

(c) Each Invitation must be issued with an application form and such other information and documents as may be required by the Act (including any applicable instrument of exemption or modification) and the Listing Rules.

3.2 Application

(a) Following receipt by an Eligible Employee of an Invitation, the Eligible Employee may apply for Options by delivering to the Company a duly completed and executed application form (in the form attached to the Invitation) within the time period specified in the Invitation (**Application**).

(b) By making the Application, the Eligible Employee agrees:

(i) to be bound by these Rules and the constitution of the Company; and

(ii) as a condition of the exercise of their Options, to execute any documents reasonably required by the Company to ensure that the Eligible Employee is so bound.

3.3 Acceptance

(a) Following receipt by the Company of an Application, the Company may grant the Options referred to in the Application to the Eligible Employee.

(b) The Company must issue to a Participant a Certificate in respect of the Options granted to them.

3.4 Option Terms

Subject to the Listing Rules, unless otherwise determined by the Board when it resolves to grant the Option, each Option is granted on the terms set out in Rule 4.

4. Option Terms

4.1 Entitlement

(a) Subject to these Rules, each Option entitles the Participant, on exercise of the Option, to subscribe for and be issued one Share at the Exercise Price.

(b) Shares issued on the exercise of Options will rank equally with existing fully paid ordinary shares in the capital of the Company in all respects from the date of issue.

4.2 Exercise of Options

(a) Subject to the satisfaction of any Relevant Requirements and these Rules, an Option which has not lapsed is exercisable during the Exercise Period by the Participant lodging with the Company secretary, or such other person nominated by the Board for that purpose, an Exercise Notice for a specified number of Options accompanied by the:

(i) Exercise Price for the number of Options specified in the Exercise Notice; and

(ii) Certificate for those Options.

(b) Options must be exercised in multiples of 100, unless the Participant exercises all Options able to be exercised at that time.

(c) The Exercise Notice only becomes effective when the Company has received the full amount of the Exercise Price for the number of Options specified in the Exercise Notice in clear funds.

(d) An Option may only be exercised during the Exercise Period at any of the following times:

(i) in a period specified in the Company's corporate governance policies from time to time or as otherwise approved under such policies; or

(ii) at or within such additional or replacement dates or periods as may be determined by the Board and notified to a Participant.

(e) If, at any time during the Exercise Period, a Participant ceases to be an Employee as a result of Special Circumstances, the Participant may exercise all of their Options in accordance with Rule 4.2(a) within 60 days from the date of cessation (or such long period determined by the Board).

(f) If, at any time prior to the Last Exercise Date, the Board gives written notice to the Participants that an Event has occurred, Participants may exercise all of their Options in accordance with Rule 4.2(a) within 30 days from the date of such written notice (or such long period determined by the Board).

4.3 Issue of Shares

Within 10 Business Days of the exercise of Options under these Rules, the Company must:

(a) issue the number of Shares specified in the Exercise Notice;

(b) deliver a holding statement for the Shares issued;

(c) cancel the Certificate for the Options being exercised; and

(d) if a Participant exercises less than all Options represented by a Certificate, issue a new Certificate for the balance.

4.4 Lapse of Options

(a) An Option will lapse and become unable to be exercised on the earliest of the date that:

(i) is the Last Exercise Date;

(ii) if Rule 4.2(e) applies, is 60 days from the date of cessation (or such longer period determined by the Board);

(iii) if Rule 4.2(f) applies, is 30 days from the date of the written notice (or such longer period determined by the Board);

(iv) a Participant ceases to be an Employee at any time before the First Exercise Date, unless Rule 4.2(e) applies;

(v) the Board determines that the Participant has, in the Board's opinion:

(A) committed any act of fraud, theft or gross misconduct in relation to the affairs of an Employing Company (whether or not charged with an offence); or

(B) brought an Employing Company into disrepute;

(vi) the Board determines that any Relevant Requirement in respect of the Option cannot be satisfied; and

(vii) the Board determines that a breach or occurrence of any condition or event contained in the Invitation requires the lapse of the Option.

(b) Notwithstanding any other Rule, if the Board makes a determination under Rule 4.4(a)(v) and the Participant has exercised an Option but the Company has not issued the Share at that time, the Participant will cease to have any right to be issued the Share.

(c) If an Option Fee was paid on the grant of an Option to a Participant and the Option lapses, the Board may determine that the Company will refund all or part of the Option Fee to the Participant.

4.5 Aggregation

(a) If Options are exercised simultaneously, the Participant may aggregate the number of Shares or fractions of Shares to which the Participant is entitled to subscribe for under those Options and the total Exercise Price.

(b) Fractions of Shares in the aggregate number only will be disregarded in determining the total entitlements of a Participant.

(c) Fractions of a cent in the aggregate Exercise Price only will be rounded up to the nearest cent.

4.6 Dealing

(a) Subject to Rule 4.6(b), Participants must not assign, transfer, sell, grant a Security Interest over or otherwise deal with an Option.

(b) Options may be exercised in accordance with Rule 4.2:

(i) on the death of a Participant, by the Participant's legal personal representative; and

(ii) in the event that an order is made for the Participant's estate to be administered under the laws relating to mental health, the person who is appointed to administer such estate.

4.7 Quotation

(a) Options will not be listed for official quotation on the ASX.

(b) The Company will make application to the ASX for official quotation of Shares issued on the exercise of Options if other Shares are listed for official quotation on the ASX at that time.

4.8 Reconstruction

In the event of any reorganisation (including consolidation, sub-division, reduction, capital return, buy back or cancellation) of the issued share capital of the Company, the rights attaching to Options must be changed to comply with the Listing Rules applying to that reorganisation at the time of the reorganisation.

4.9 New Issue of Shares

(a) Participants will not be entitled to participate in any new issue of Shares as a result of holding Options unless they have become entitled to exercise their Options under the Plan and do so prior to the record date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.

(b) The Company must give no less than 10 Business Days notice of any new issue of Shares to a Participant before the record date for determining entitlements to the issue in accordance with the Listing Rules, so as to permit the Participant to exercise any Option which, on its terms, may be exercised before the record date.

4.10 Bonus Issue

If the Company makes a bonus issue to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Participant would have received if the Option had been exercised prior to the record date for the bonus issue.

4.11 Rights Issue

If the Company makes a pro-rata issue to the holders of Shares (other than a bonus issue), the Exercise Price of an Option will be reduced in accordance with the formula contained in the Listing Rules.

4.12 Other Securities

If the Company offers shareholders other securities, the Board will determine whether the other securities are to be offered to Participants on the exercise of Options or whether any other equivalent securities, interest or rights will be offered to them if the other securities are not available, and the basis thereof, to the intent that on the exercise of Options the Participants will be treated whenever possible as if they were shareholders at the date that the Options are granted to the Participant.

4.13 Adjustments

(a) The Board will be entitled to have any calculations or adjustments which are required to be made for the purposes of Options to be made by the auditors of the Company for the time being and such calculations, in the absence of manifest error, will be final and conclusive and binding on the Participant.

(b) The Company must notify each Participant and the ASX (if applicable) of any adjustments made to the Exercise Price, the number of Options or the number of Shares underlying each Option in accordance with the Listing Rules.

4.14 Right to reports and notices

Participants will be sent all notices, reports and accounts sent to members of the Company, but will not, as a Participant, have any right to attend or vote at meetings of members.

5. Plan Limits

Notwithstanding any other Rule, no Option may be offered under the Plan if to do so would contravene the Act, the Listing Rules or instruments of relief issued by ASIC from time to time relating to employee share schemes.

6. Administration of the Plan

6.1 Board to administer

The Board will administer the Plan and may:

(a) determine appropriate procedures for administering the Plan consistent with these Rules; and

(b) delegate, to any person or persons on such conditions as it determines, the exercise of any of its powers or discretions under these Rules.

6.2 Discretion

Except as expressly provided in these Rules, where these Rules provides for a determination, interpretation, decision, approval or opinion of the Company or the Board, such determination, interpretation, decision, approval or opinion will be in its absolute and unfettered discretion and final.

6.3 Company and the Board

Subject to the law, any power or discretion which is conferred on the Company or the Board by these Rules may be exercised in the interests, or for the benefit, of the Company, and the Company or the Board (as the case may be) is not, in exercising such power or discretion, under any fiduciary or other obligation to any other person.

6.4 Decision of the Board

If there is any dispute or disagreement as to the interpretation of these Rules, the Board's decision is final and binding on all persons.

6.5 Independent advice

The Board may take and rely upon independent professional or expert advice in or in relation to the exercise of any of its powers or discretions under these Rules.

6.6 Other documents

The Company may require a Participant to complete and return such other documents:

(a) as may be required by law to be completed by the Participant; or

(b) which the Company considers should, for legal or taxation reasons, be completed by the Participant.

7. Amending the Rules

7.1 Board may amend

Subject to Rule 7.2 and the Listing Rules, the Board may at any time:

(a) amend these Rules; and

(b) waive or amend the application of any of these Rules in relation to a Participant.

7.2 Rights of Participants

(a) Subject to Rule 7.2(b), if any amendment to these Rules under Rule 7.1 reduces any of the Participant's rights in respect of their Options, the Board must obtain the prior written consent of at least 75% of the Participants affected by the proposed change.

(b) The Board may amend these Rules without the written consent of Participants under Rule 7.2(a):

(i) for the purpose of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;

(ii) to take into consideration possible adverse tax implications to the Plan arising from rulings from the Commissioner of Taxation, changes or proposed changes to tax legislation and/or changes in the interpretation of tax legislation by a competent court or tribunal;

(iii) to correct a manifest error or mistake; or

(iv) to enable any Employing Company to comply with the Act or the Listing Rules or instruments of relief issued by ASIC from time to time relating to employee share schemes.

7.3 Retrospective effect

Subject to this Rule 7, any change made pursuant to Rule 7.1 may be given such retrospective effect as is specified in the written instrument or resolution by which the change is made.

7.4 Written notice

As soon as reasonably practicable after the Company makes an amendment under Rule 7.1, the Company must notify the Participants of the amendment.

8. Termination or Suspension of the Plan

8.1 Change to the law

The Company must terminate or suspend the Plan if changes to the law require that it do so.

8.2 Company may terminate

The Board may from time to time suspend the operation of the Plan and may at any time terminate the Plan.

8.3 Winding up

The Plan must be immediately terminated if an order is made or an effective resolution is passed for the winding up of the Company, other than for the purposes of amalgamation or reconstruction.

8.4 Effect of termination

Where the Plan is terminated, all Options already granted remain in existence and, notwithstanding the termination, the Plan continues to have effect in relation to those Options until the last of them lapses.

9. Connection with other Schemes

An Employing Company is not restricted to using the Plan as the only method of providing incentive rewards to employees and may approve and introduce other incentive schemes.

10. Relationship of the Company and Participants

10.1 General

Nothing in these Rules:

(a) confers on any Participant who is an Employee the right to continue as an employee of an Employing Company;

(b) affects any rights which an Employing Company may have to terminate the employment of an Employee;

(c) may be used to increase damages in any action brought against an Employing Company in respect of such termination; or

(d) confers on an Employee any expectation to become a Participant.

10.2 Control

The Participants will not have any control over the operation of the Plan irrespective of any rights they may have under these Rules.

11. Liability

The Employing Companies and their respective directors and employees are not liable for anything done or omitted to be done by such person or any other person with respect to:

(a) the price, time, quantity or other conditions and circumstances of the acquisition of Options;

(b) any fluctuation in the market price of Shares; and

(c) anything done in connection with the Plan,

unless such act or omission constitutes wilful misconduct on such person's part.

12. Breach by a Participant

Subject to the law, if a Participant breaches any of their obligations under these Rules, an Employing Company may set-off the value of any benefit derived or held by that Participant and any loss incurred by any Employing Company as a result of such breach, against any amounts payable by any Employing Company to the Participant, whether such amounts are payable on termination of employment or otherwise.

13. Advice

Eligible Employees should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them relating to participation in the Plan.

14. The Act, Listing Rules and Other Laws

(a) These Rules and the Participant's entitlements under the Plan are subject to the constitution of the Company, the Act, the Listing Rules or any other applicable laws.

(b) Notwithstanding any other Rule, every provision set out in an exemption from, or modification to, the provisions of the Act granted from time to time by ASIC in respect of the Plan that is required to be included in these Rules in order for the exemption or modification to have effect is deemed to be contained in these Rules. To the extent that any provision deemed by this Rule to be contained in these Rules is inconsistent with any other provision in these Rules, the deemed provision will prevail.

15. Tax Reimbursement

The Board may, at the time of an Invitation, provide that the Participant is required to reimburse the Company in the event that any Employing Company is obliged to account for Tax in connection with, or as a result of, the grant or transfer of Options to the Participant.

16. Notices

(a) A notice will be deemed to be duly given:

(i) on the day of delivery by hand;

(ii) four days after the date of posting by prepaid registered post;

(iii) if sent by email, at the time when the email is sent (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee),

as the case may be.

(b) This Rule 16 is in addition to any other mode of service permitted by law.

(c) A notice or direction given under these Rules is validly given to an Eligible Employee or a Participant if it is:

(i) handed to the person concerned;

(ii) posted by ordinary prepaid post to the person's last known address;

(iii) sent by email to the person's last known email address; or

(iv) given in such other manner as the Company determines.

(d) A notice or direction given under these Rules to the Company is validly given if it is delivered by hand or email, or posted by ordinary prepaid post to the addresses set out below:

Attention: Company Secretary
Address: Atomo Diagnostics Limited
Level 2
701-703 Paramatta Road
LEICHHARDT NSW 2040
Email: Nairn@companymatters.com.au

or such other address as the Company may from time to time notify.

17. Governing Law

(a) These Rules must be governed by and construed in accordance with the laws applicable in New South Wales.

(b) The parties bound by these Rules irrevocably submit to the non-exclusive jurisdiction of the courts of New South Wales.