

CYCLOPHARM LIMITED
LONG TERM INCENTIVE PLAN

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Cyclopharm Limited

ABN 74 116 931 250

cyclopharm



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1 INTRODUCTION

1.1 Purpose of plan

The Company has established this Plan to encourage Employees or Officers to share in the ownership of the Company, in order to promote the long-term success of the Company.

1.2 Risks

There are risks associated with participation in the Plan. These include the risk that the Plan Shares will lose value and that Participating Employees or Officers may not benefit from their investment in Plan Shares. Employees or Officers should ensure that they understand the risks before accepting an invitation to participate in the Plan.

2 INVITATIONS TO PARTICIPATE

2.1 Board's discretion to make invitations

The Board may from time to time invite any Employee or Officer to participate in the Plan (including Employees or Officers who are already or have previously been a Participating Employee or Officer). Subject to this clause 2, the Board has an absolute discretion in determining whether to make an invitation to an Employee or Officer, when to make an invitation, and the number of Plan Shares (if any) that an Employee or Officer is invited to subscribe for.

2.2 Form of invitation

An invitation shall be in writing signed by a director of the Company and shall specify:

- (a) the total number of Plan Shares for which the Employee or Officer may subscribe;
- (b) the Subscription Price or method for calculating the Subscription Price for a Plan Share;
- (c) the terms and conditions of any Financial Assistance offered; and
- (d) the Performance Hurdle (if any) applicable to the invitation; and
- (e) the time within, and the method by which, the invitation may be accepted.

2.3 Maximum allocation

The maximum Plan Shares to be purchased pursuant to this Plan shall be not more than 7.5% of the Company's issued shares



2.4 Minimum parcel

An invitation must be for a minimum parcel of one hundred (100) Plan Shares and an Employee or Officer must accept at least a minimum parcel of one hundred (100) Plan Shares or a number of Plan Shares being a multiple of one hundred (100).

3 ACQUISITION OF PLAN SHARES

3.1 Acceptances

An invitation may be accepted in whole or in part by the invited Employee or Officer signing and returning the form of acceptance attached to the invitation to the person nominated in the invitation, together with a duly completed request for Financial Assistance.

3.2 Allotment

The Board shall, upon receipt of the duly completed form of acceptance and a duly completed request for Financial Assistance, allot to the Participating Employee or Officer the number of Plan Shares applied for, credited as fully paid up.

Under no circumstances will shares be allotted under this clause if to do so would be in breach of the Corporations Act or any applicable listing rules of the Stock Exchange.

3.3 Certificates and Stock Exchange quotation

As soon as practicable after the allotment of Plan Shares by the Board to a Participating Employee or Officer the Company shall issue share certificates as required by the Constitution of the Company in the name of the allottee in respect of the Plan Shares so allotted.

While any Plan Shares are pledged as security for Financial Assistance pursuant to clause 5, or are subject to Performance Hurdles, the transactions involving Plan Shares will be restricted.

4 FINANCIAL ASSISTANCE

4.1 Request for Financial Assistance

A Participating Employee or Officer may apply to the Company for Financial Assistance to finance the Participating Employee or Officer's subscription for Plan Shares.

4.2 When application made

An application for Financial Assistance shall be made at the time of returning to the Company the form of acceptance of an invitation to subscribe for Plan Shares.



4.3 Form of application

Each application for Financial Assistance shall be made on a form approved by the Company duly completed and signed by the Participating Employee or Officer. The Company shall set out in the form of application the terms and conditions of the Financial Assistance, which shall be supplemental to and not inconsistent with the terms and conditions contained in this clause 4.

4.4 Acceptance and terms

The Company may accept an application for Financial Assistance by making an interest-limited (limited to dividends on the underlying shares) loan to the Borrower, on the terms and subject to such conditions set out in the application form and in these Rules. In any event the Company will not accept an application for Financial Assistance under this clause if to do so would be in breach of the Corporations Act.

4.5 When Financial Assistance repayable

- (a) Subject to clauses 4.5(b) and (c), Financial Assistance provided to a Borrower shall be repayable by the Borrower in full within 5 years after the date on which the Financial Assistance is provided (or within such longer period and in such manner as the Company may determine).
- (b) Financial Assistance shall become immediately due and payable upon the dismissal of the Participating Employee or Officer or the acceptance of the Resignation of the Participating Employee or Officer by the Company or any subsidiary of the Company.
- (c) Financial Assistance shall at the option of the Company become immediately due and payable upon failure to satisfy the Performance Hurdle (if any) within the time period included in the Invitation document or upon the death or retirement of the Participating Employee or Officer or upon the termination of the employment of the Participating Employee or Officer otherwise than by way of dismissal or Resignation.
- (d) For the purposes of this clause 4.5 a Participating Employee or Officer shall be deemed not to have terminated his employment with the Company or with any subsidiary of the Company if immediately after leaving he or she is employed by another subsidiary of the Company or by the Company.

4.6 Reduction of indebtedness

A Borrower who has been provided the Financial Assistance under this clause shall:

- (a) authorise the Company to sell any bonus shares, rights or further shares issued in respect of the Plan Shares and to apply all or any of the proceeds thereof in reduction of the amount of the Borrower's indebtedness to the Company; and

- (b) give an irrevocable direction to the Company to pay to itself on behalf of the Borrower and for the purposes of reducing the amount of the Borrower's indebtedness to the Company or to meet any interest charge on the Financial Assistance, all or any moneys that may from time to time become payable in respect of the Plan Shares or other shares referred to in paragraph (a) of this clause, including dividends.

4.7 Transfer of Borrower's Plan Shares

- (a) A Participating Employee or Officer will be required to transfer his or her Plan Shares to the Company for their original Subscription Price upon the happening of any of the following events:
 - (i) the dismissal of the Participating Employee or Officer or the acceptance of the Resignation of the Participating Employee or Officer by the Company or any subsidiary of the Company, other than because of Special Circumstances;
 - (ii) the failure to satisfy the Performance Hurdles (if any) within the time period included in the Invitation document or upon the death or retirement of the Participating Employee or Officer or upon the termination of the employment of the Participating Employee or Officer otherwise than by way of Dismissal or Resignation; or
 - (iii) subject to paragraph 4.7(b), five years after the date on which the Participating Employee or Officer's Plan Shares were issued where the last sale price for those shares on the Stock Exchange is lower than their original Subscription Price.
- (b) A Participating Employee or Officer will not be required to transfer his or her Plan Shares to the Company pursuant to subparagraph 4.7(a)(iii) where both of the following are satisfied:
 - (i) the Participating Employee or Officer lodges a written request to retain the Plan Shares with the Board on or before the fifth anniversary of the issue of the Participating Employee or Officer's Plan Shares; and
 - (ii) the Board decides within 5 business days (or such later period as decided by the Board), in the Board's absolute discretion, to waive the transfer requirement for the Participating Employee or Officer.
- (c) For the purposes of this clause 4.7 a Participating Employee or Officer shall be deemed not to have terminated his employment with the Company or with any subsidiary of the Company if immediately after leaving he or she is employed by another subsidiary of the Company or by the Company.
- (d) The Company is required to pay the price for any transfer of the Plan Shares to it under this clause 4.7 within 5 business days of the transfer, unless it will be used to offset monies owing from the Participating Employee or Officer in accordance with clause 4.8.



4.8 Amount repayable

- (a) If Financial Assistance provided to a Borrower becomes repayable, the Borrower shall pay the total amount of all moneys owing by the Borrower to the Company under the Plan in full and complete satisfaction of the Borrower's indebtedness and obligations to it under the Plan. The payment by the Borrower may be undertaken by offsetting any monies which the Company owes the Borrower against the outstanding balance of the borrowings, including but not limited to the consideration that the Company owes to the Borrower in relation to any transfer of the Borrower's Plan Shares to the Company pursuant to clause 4.7.
- (b) The Board may at its absolute discretion provide Financial Assistance to a Participating Employee or Officer, which Financial Assistance is secured by and strictly limited in all circumstance to the value of the Plan Shares. Where the Board has provided Financial Assistance in these circumstances the Company will not in any circumstances be able to make any claim against the Participating Employee or Officer in excess of the value realised for the Plan Shares.

4.9 Surplus on sale

If the Company is authorised to sell any Plan Shares in order to pay any money owing by the Borrower to the Company and the proceeds of sale exceed the total amount owing to the Company by the Borrower, the surplus shall be paid by the Company to the Borrower.

5 SECURITY FOR FINANCIAL ASSISTANCE

5.1 Security

As security for Financial Assistance, a Borrower must grant to the Company:

- (a) a pledge of the Plan Shares acquired by the Borrower at the time the Financial Assistance is provided to the Borrower;
- (b) a charge over:
 - (i) all the bonus shares, rights and further shares issued in respect of those Plan Shares; and
 - (ii) all the dividends paid or payable on those Plan Shares or other shares the subject of the charge.

5.2 Other Security

The Borrower must not create other than in favour of the Company any security interest over any Plan Shares whilst they are subject to the restrictions of the Plan. Should the Borrower create such a security interest over the shares the Borrower must transfer the shares to the Company, for their original Subscription Price, fully

repay any outstanding loans related to the shares and have no further entitlement under the Plan.

5.3 Terms of security

The terms of the security referred to in clause 5.1 will be set out in the form of application for Financial Assistance approved by the Company.

6 ALTERATION OF TERMS AND PROVISIONS OF PLAN

Subject to the listing rules of the Stock Exchange and law the Company may make such alterations, variations, additions, deletions or modifications to all or any of the provisions of these Rules or to all or any of the rights or obligations of the participants or any of them as may be determined by the Board, provided however that no such alteration, variation, addition, deletion or modification shall be made if it would have the effect of depriving the holders of issued Plan Shares of any rights to which they are then entitled unless approved by 75% of the holders of Plan Shares affected by such a change or unless the amendments are required by law.

7 PERIOD OF PLAN

The Plan shall commence upon its approval by members of the Company in general meeting and shall continue until terminated by resolution of the Board at any stage.

8 EXPENSES

The Company will meet the ongoing administration expenses of the Plan. The Participating Employee or Officer will meet all outgoings and expenses in selling or otherwise dealing with his or her shares.

9 INTERPRETATION

9.1 Definitions

In these Rules:

“Associated Body Corporate” means a body that is a related body corporate of the Company in terms of section 50 of the Corporations Act.

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

“Borrower” means a Participating Employee or Officer who receives Financial Assistance.

“Company” means Cyclopharm Limited.

“Control” has the meaning given in section 50AA of the Corporations Act.

“Date of Allotment” means the date on which Plan Shares are allotted to a Participating Employee or Officer pursuant to the provisions of these Rules.

“Dismissal” means the termination of employment of a participant for, fraud, defalcation or gross misconduct.

“Employee or Officer” means any person who is a permanent full-time or part-time employee or Officer of the Company or of any of its subsidiary companies and who in the Board’s opinion is an executive and includes an executive director or non executive director of the Company or of any of its subsidiary companies.

“Financial Assistance” means a loan made to a Borrower on the terms and conditions of these Rules to enable the Borrower to subscribe for Plan Shares.

“Issue Price” means where the Company’s shares are not quoted on the Stock Exchange, the price at which the Plan Shares were issued by the Company

“Officer” means any executive or non executive director or officer (as defined in the Corporation Act 2001) of the Company or any of its subsidiary companies.

“Participating Employee or Officer” means an Employee or Officer who has accepted an invitation to participate in the Plan.

“Performance Hurdles” means the performance, vesting and/or other criteria (if any), which are determined by the Board and notified to the invited Employee or Officer with an invitation under Rule 2.2, and which are required to be met before Plan Shares to which such invitation relates may be withdrawn from the Plan by the Participating Employee or Officer, as reduced (if at all) or waived in whole or in part at any time by the Board and notified to the Participating Employee or Officer.

“Plan” means this Executive Long Term Incentive.

“Plan Shares” means ordinary shares in the Company each carrying the same dividend rights and otherwise ranking pari passu in all respects with the issued ordinary shares of the Company.

“Resignation” means the termination of an Employee or Officer's engagement as an Employee or Officer by the volition of the Employee or Officer, but does not include Dismissal or retirement or resignation by the Employee or Officer from employment with the Company or any subsidiary company in order to become an Employee or Officer of the Company or any subsidiary company or taking approved study leave or approved leave of absence.

“Special Circumstances” means:

- (a) death of the Participating Employee or Officer;
- (b) circumstances which, in the opinion of the Board, constitute total and permanent disablement of the Participating Employee or Officer;
- (c) termination of a Participating Employee or Officer's employment with the Company or with an Associated Body Corporate at the normal retirement age, or at any other time including early retirement with the Company's consent, but excluding dismissal or Resignation;
- (d) termination of a Participating Employee or Officer's employment with the Company or with an Associated Body Corporate which, in the opinion of the Board, occurs by reason of either:
 - (i) a restructure or state of affairs within the Company or its Associated Body Corporate whereby the position previously being occupied by the Participating Employee or Officer no longer exists within the Company or its Associated Body Corporate; or
 - (ii) the Associated Body Corporate that employs a Participating Employee or Officer ceasing to be an Associated Body Corporate;
- (e) the Board determines that there are circumstances which have occurred or are likely to occur which will result in significant changes to the structure or Control of the Company which may adversely affect the rights of or value of benefits to Participating Employee or Officers, and gives written notice of such determination to the Participating Employee or Officer;
- (f) If:
 - (i) offers are made to acquire the whole of the issued ordinary share capital of the Company (or such part thereof as is not at the time owned by the offeror or any company controlled by the offeror and/or associates of the offeror) and after the announcement of the general offer the offeror (and any such companies and/or persons) acquires Control of the Company; or
 - (ii) offers are made to acquire the whole of the issued ordinary share capital of the Company (or such part thereof as aforesaid) by any person who (together with any company controlled by such

person and/or associates of the offeror) has Control of the Company; or

- (iii) a resolution for a member's voluntary winding up of the Company is passed (other than for the purpose of a reconstruction of amalgamation).

“Stock Exchange” means Australian Stock Exchange Limited.

“Subscription Price” in respect of a Plan Share means:

- (a) if there was at least one transaction on the Stock Exchange in fully paid ordinary shares in the capital of the Company during the one week period before the date of the invitation referred to in clause 2 - the weighted average of the prices at which those shares were traded on the Stock Exchange during the one week period before that date; or
- (b) if there were no transactions on the Stock Exchange in that one week period in such shares - the last price at which an offer was made on the Stock Exchange in that period to buy such a share; or
- (c) if there were no such offers in that period – the value of the shares as determined in a written report by a company auditor; or
- (d) if the Plan Share is not quoted on a Stock Exchange, then the Issue Price at the time the Plan Shares were issued

9.2 Construction

In these Rules, unless expressed to the contrary:

- (a) terms defined in the Corporations Act have the same meaning in these Rules;
- (b) words importing:
 - (i) the singular include the plural and vice versa;
 - (ii) any gender includes the other genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to:
 - a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
 - (iii) a person includes its legal personal representatives, successors and assigns;
 - (iv) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (v) a right includes a benefit, remedy, discretion, authority or power;

- (vi) an obligation includes a warranty or representation and a reference to a failure to observe or perform an obligation includes a breach of warranty or representation;
- (vii) “\$” or “dollars” is a reference to the lawful currency of Australia;
- (viii) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
- (ix) any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.

9.3 Headings

Headings do not affect the interpretation of these Rules.