

**TERMS AND CONDITIONS OF THE  
QRXPHARMA LIMITED  
ACN 102 254 151**

**EMPLOYEE SHARE OPTION PLAN**

The terms and conditions of the QRxPharma Limited Employee Share Option Plan are as follows:

1. **DEFINITIONS**

**"Auditor"** means the auditor of the Company from time to time.

**"ASIC"** means Australian Securities and Investments Commission.

**"ASX"** means Australian Stock Exchange Limited.

**"Board of Directors"** or **"Board"** means the board of directors of the Company from time to time.

**"Business Day"** has the meaning given to that term in the Listing Rules.

**"Code"** means the United States *Internal Revenue Code of 1986* as amended or replaced from time to time.

**"Company"** means QRxPharma Limited ACN 102 254 151.

**"Constitution"** means the constitution of the Company as amended from time to time.

**"Corporations Act"** means the Corporations Act, 2001 (Cth) as amended or replaced from time to time.

**"Diluted Ordinary Share Capital"** means the total of the following:

- (i) All Shares;
- (ii) All Options issued under this Option Plan;
- (iii) All other options issued by the Company excluding Options issued under this Option Plan;
- (iv) All other convertible issued securities,

as at the relevant date of the issue of Options under this Option Plan.

**"Eligible Employee"** means any person who is employed by, or is a director, officer, executive or consultant of the Company or any related body corporate of the Company and whom the Remuneration Committee determines is eligible to participate in the Option Plan.

**"Exercise Notice"** means a notice substantially in the form of Schedule 1.

**"Exercise Price"** means the exercise price as determined by the Remuneration Committee and set out in the Option Agreement between the Company and the

Eligible Employee, being not less than the Share Price on the Grant Date of the Options.

**"Expiry Date"** in relation to an Option means the date in accordance with clause 4 of this Option Plan.

**"Financial Year"** means 1 July to 30 June.

**"Grant Date"** in relation to an Option means the date on which an Option is issued by the Company and as set out in the Option Agreement.

**"Incentive Stock Option"** means an Option that satisfies the requirements of section 422 of the Code.

**"IPO"** means a public offering of Shares by the Company in conjunction with an application by the Company to the ASX or such other recognised public stock exchange for admission and quotation of the Shares.

**"Listing Rule(s)"** means the official listing rules of ASX.

**"Option Agreement"** means an agreement between the Company and an Option holder setting out the number of Options to be issued to the Option holder, the Grant Date, the Expiry Date, the Exercise Price, the Vesting terms and any other specific terms relevant to those Options as determined in the sole discretion of the Remuneration Committee and in a form substantially the same as Schedule 2.

**"Option holder"** means the person registered in the Company's register of Option holders as the holder of Options.

**"Option"** means options over unissued Shares granted under this Option Plan.

**"Option Plan"** or **"Plan"** means the QRxPharma Limited Employee Share Option Plan constituted by these terms and conditions.

**"Outstanding Options"** means, in relation to an Option holder, Options which remain unexercised from time to time.

**"Permanent Disablement"** means the disablement of an Eligible Employee the effect of which is in the opinion of a medical expert likely to be permanent and will stop that Eligible Employee continuing his or her employment with the Company or its related body corporate.

**"Redundancy or Redundant"** means where the job roles and responsibilities of an Eligible Employee within the Company become redundant and as a result the Eligible Employee's employment with the Company or its related body corporate is terminated whether voluntarily or involuntarily.

**"Remuneration Committee"** means any person or persons appointed by the Board of Directors to administer the Option Plan, and in the absence of such person or persons being appointed, means the Board.

**"Shareholder(s)"** means those persons registered in the Company's register of members as the holder of Shares in the Company.

**"Share Price"** means the market value of a Share calculated in accordance with clause 17.

**"Share(s)"** means fully paid ordinary shares in the capital of the Company, or the ordinary shares into which fully paid ordinary shares are reconstructed from time to time.

**"Unvested Options"** means Options that are not Vested Options.

**"Vested Options"** means Options the Eligible Employee may exercise at any time from the Vesting Date in accordance with the terms contained in the Option Agreement or as specified in clause 5 of the Option Plan.

**"Vesting Date"** means the date that the Options granted to an Eligible Employee will vest in the Eligible Employee in accordance with the terms of the Eligible Employee's Option Agreement.

## 2. **INTERPRETATION**

In these terms and conditions, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these terms and conditions;
- (b) the singular includes the plural and vice versa;
- (c) the word "person" includes a firm, body corporate, unincorporated association and governmental authority;
- (d) a reference to any statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) an agreement, representation or warranty on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally;
- (h) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (i) a reference to a currency is a reference to Australian currency unless otherwise indicated;
- (j) a reference to a time is a reference to the time in Sydney, Australia; and
- (k) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these terms and conditions.

### 3. **OPTION ENTITLEMENT**

- 3.1 The Remuneration Committee may offer Options (including Incentive Stock Options) to Eligible Employees.
- 3.2 Subject to clauses 4, 5, 6, 10 and 12 each Option entitles the Option holder to subscribe for one Share at the Exercise Price.
- 3.3 On offer of Options the Company must provide the Eligible Employee with an Option Agreement which for the purpose of acceptance, must be signed by the Eligible Employee and returned to the Company within 5 (five) Business Days. The Company may issue an option certificate to the Eligible Employee.

### 4. **EXPIRY OF OPTIONS**

- 4.1 Options will expire at 5.00pm on the Expiry Date as set out in the relevant Option Agreement.
- 4.2 Options not exercised on or before 5.00pm on the Expiry Date automatically lapse.

### 5. **EXERCISE OF OPTIONS**

- 5.1 Subject to clause 5.2 of this Plan, an Option holder whose exercise of Options would not be in breach of clause 10 may exercise the Options during any period and on any terms specified in the Option Agreement, in whole or in part by lodging with the Company Secretary of the Company:
- (a) the certificate for the Options (if any);
  - (b) a duly completed and signed Exercise Notice in accordance with Schedule 1; and
  - (c) the subscription money for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price.
- 5.2 The Remuneration Committee may impose when granting Options such restrictions on the exercise of the Options as it considers fit, including without limitation individual or organisation performance or share price hurdles.
- 5.3 At all times when the Options are exercisable, the Company will have available a current prospectus or other document in relation to the Shares that complies with the requirements of the Corporations Act (unless the issue qualifies for ASIC relief).
- 5.4 Options awarded under an Option Agreement are not transferable otherwise than by will or the laws of intestacy and may be exercised during the Option holder's lifetime only by the Option holder.
- 5.5 The Company shall as soon as reasonably practicable after delivery of the items in clause 5.1 and not later than 10 (ten) Business Days after delivery of those items:
- (a) allot to the Option holder the Shares (fully paid) in respect of the number of Options exercised;
  - (b) deliver to the Option holder a certificate or holding statement for the Shares so allotted; and

- (c) cancel the certificate for the exercised Options (if any) and, if applicable, issue a new certificate for any remaining Options covered by the cancelled certificate.

5.6 If the Option holder has died, his or her legal representative shall stand in his or her place for the purposes of clauses 5.1 and 5.4, subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a Shareholder.

5.7 After Shares have been allotted pursuant to clause 5.5, the Company will promptly make application for official quotation of the Shares on the ASX and will use reasonable endeavours to ensure the Shares are officially quoted.

5.8 The Company must hold the subscription monies in trust for the Option holder pending the allotment of the Shares in accordance with clause 5.5(a).

## 6. CANCELLATION OF OPTIONS

Notwithstanding any other provision of the Option Plan, the Remuneration Committee may cancel an Option(s) if at any time an Eligible Employee is in breach of any terms and conditions of employment of that Eligible Employee.

## 7. BONUS ISSUES

The Options do not confer any rights to participate in a bonus issue of Shares by the Company.

## 8. NEW ISSUES

The Options do not confer any rights to participate in a new issue of Shares by the Company.

## 9. EQUAL RANKING

9.1 Subject to clause 9.2, any Shares allotted pursuant to any exercise of the Options rank *pari passu* in all respects with other Shares of the Company on issue at the date of allotment.

9.2 Where any Shares are allotted pursuant to the exercise of Options during a period in respect of which a dividend is declared, the holder of those Shares is only entitled to receive the dividend where the Shares were allotted on or before the relevant dividend entitlement date.

## 10. COMPLIANCE WITH LAW AND ORDERS

10.1 An Option holder must not exercise any Options to have Shares issued to him or her, and no purported exercise has any effect, if in doing so it would be in breach of, or would cause the Company or its related bodies corporate to be in breach of:

- (a) any provision of the Foreign Acquisitions and Takeovers Act 1975 (Cwth);
- (b) any undertaking given by the Company to the Foreign Investment Review Board at the request of the Foreign Investment Review Board from time to time;

- (c) any provision of the Corporations Act;
- (d) any provision of the Listing Rules;
- (e) any class order issued by ASIC; or
- (f) any other applicable law.

10.2 The Option holder must not exercise any Options unless the Company has a current prospectus or other disclosure document in relation to the Shares that complies with the requirements of the Corporations Act (subject to any relief from such requirements issued by ASIC).

## 11. CALCULATIONS

11.1 Any calculations or adjustments which are required to be made for the purpose of determining the Exercise Price or the number of the Option holder's Outstanding Options must be made by the Auditor and will in the absence of manifest error, be final, conclusive and binding on the Option holder.

11.2 The Company must notify an Option holder of any adjustment made to the Exercise Price or the number of the Option holder's Outstanding Options within 10 (ten) Business Days after the date of the adjustments.

## 12. FORFEITURE OF OPTIONS AND SHARES

12.1 An Eligible Employee will forfeit any right or interest in any Outstanding Options under the Option Plan to the Company if:

- (a) he or she ceases to be an Eligible Employee at a time when the Eligible Employee is not entitled to exercise such Outstanding Options; or
- (b) the Eligible Employee has in the opinion of the Remuneration Committee been:
  - (i) dismissed with cause; or
  - (ii) has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company, or any related body corporate (whether or not charged with an offence),

and the Remuneration Committee directs that such Outstanding Options are to be forfeited.

12.2 The Eligible Employee will automatically forfeit any Shares that the Eligible Employee has acquired pursuant to an Option Agreement between the Company and the Eligible Employee if the Eligible Employee has in the opinion of the Remuneration Committee been:

- (a) dismissed with cause; or
- (b) has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company or any related body corporate (whether or not charged with an offence),

and the Remuneration Committee directs that such Shares are to be forfeited.

12.3 If the Remuneration Committee directs that a Share is to be forfeited in accordance with clause 12.2, the Company must pay the Eligible Employee an amount for each Share forfeited equal to the lesser of:

- (a) the Exercise Price paid to acquire the Share; and
- (b) the Share Price at the date of forfeiture of the Share as determined by the Auditor in its sole discretion.

12.4 The Eligible Employee will be required to hand over the share certificate(s) (if applicable) representing the Shares acquired under an Option Agreement between the Eligible Employee and the Company to the Company Secretary on the request of the Company pursuant to any direction given by the Remuneration Committee under this clause.

### 13. **RECAPITALISATION AND REORGANISATION**

13.1 The existence of the Option Plan and Options shall not affect in any way the right or power of the Board or the Shareholders to make or authorise any adjustment, recapitalisation, reorganisation or other change in the Company's capital structure.

#### 13.2 *Reorganisation of Capital*

- (a) In the event of any reorganisation (including consolidation, subdivision, reduction, rights issue or return) of issued capital of the Company the number of Options or the Exercise Price of the Options granted under this Plan will be adjusted in accordance with the Listing Rules applying to reorganisations at the time of the reorganisation.
- (b) Subject to clause 13.2(a), the Company will exercise best efforts to ensure that no adjustment will be made under clause 13.2(a) to the number of Options or the Exercise Price of any Option if such an adjustment would result in any Option granted either not being considered an Incentive Stock Option under section 422 of the Code or being considered a nonqualified deferred compensation arrangement that fails to satisfy the requirements of section 409A(a)(1)(A)(i) of the Code.

#### 13.3 *Cumulation of Adjustments*

Full effect must be given to this clause 13 on each occasion of its application and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect must be such as to reflect in relation to the Shares comprised in an Option the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue. All adjustment calculations must be to four decimal places and in the case of the Exercise Price, to four decimal places expressed in cents.

13.4 The Company must give notice to an Option holder of any adjustment to the number of Shares to which the Option holder is entitled to subscribe for or be issued on exercise of an Option or the Exercise Price per Option in accordance with this clause 13 and the Listing Rules.

14. **ELIGIBLE EMPLOYEE'S RIGHT TO DEAL WITH SHARES ACQUIRED UNDER OPTION AGREEMENT**

There may be restrictions placed on the Eligible Employee in dealing with any Shares acquired under the Option Plan. Any such restrictions will be contained in the Option Agreement between the Eligible Employee and the Company.

15. **ADMINISTRATION AND AMENDMENT**

15.1 The Remuneration Committee will administer the Option Plan and has the power to:

- (a) determine procedures from time to time for administration of this Option Plan consistent with the terms and conditions of the Option Plan;
- (b) subject to clause 15.2, amend or modify the terms and conditions of the Option Plan, whether to make the Option Plan comply with the Listing Rules or otherwise as they see fit from time to time;
- (c) subject to clause 11.1, resolve conclusively all questions of fact or interpretation arising in connection with this Option Plan; and
- (d) delegate to any one or more persons, for any period and on any conditions determined by the Remuneration Committee, the exercise of any of its powers or discretions arising under this Option Plan.

15.2 The approval of the Company's shareholders must be obtained for any amendment to the Option Plan in relation to the following matters:

- (a) increasing the maximum aggregate number of Shares that may be issued under the Option Plan as specified in clause 16;
- (b) any change in the class of employees eligible to receive Options under the Option Plan as defined under clause 1;
- (c) any change in the Shares reserved for issuance under the Option Plan; and
- (d) substitution of another entity in place of the Company as the issuer of shares under the Option Plan.

16. **SHARES SUBJECT TO THE OPTION PLAN**

16.1 The total number of Shares that shall be reserved for issuance under this Option Plan and any other employee share scheme in the Company (including those Shares that shall be reserved for issuance as Incentive Stock Options under clause 16.2) shall not exceed ten percent (10%) of the Diluted Ordinary Share Capital in the Company as at the date of issue of the relevant Options under the Option Plan, subject to adjustment for changes in capitalisation of the Company as provided in clause 16.3.

16.2 For the purposes of clause 16.1, the maximum aggregate number of Shares that shall be reserved for issuance as Incentive Stock Options under this Option Plan is **[insert number]**.



16.3 If any change is made in the terms of provisions of the Shares subject to the Option Plan (whether by reason of reorganisation, merger, consolidation, recapitalisation, rights issues, share split, combination of shares, exchange of shares, change in corporate structure, or otherwise), then appropriate adjustments shall be made to the maximum number of Shares subject to and reserved under the Option Plan without any action by the Board.

17. **SHARE PRICE**

17.1 The Share Price at a particular date is calculated as follows:

- (a) if there was at least one transaction on the ASX for a Share during the one week period up to and including that day – the weighted average of the prices at which the Share was traded on the ASX during the seven day period up to and including that day; or
- (b) if there were no transactions on the ASX in that one week period for a Share:
  - (i) the last price at which an offer was made on the ASX in that period to buy a Share; or
  - (ii) if no such offer has been made – the value of the Share as determined under Australian taxation laws; or
- (c) For options to be granted to Eligible Employees subject to United States federal tax, unless otherwise determined by the Remuneration Committee in good faith consistent with Section 409A of the Code, as amended, Share Price as of any date shall mean the last reported sale price on ASX on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices on ASX on such date.

18. **NO ASSIGNMENT OF OPTIONS**

The Options may not be assigned, transferred or encumbered in any way by the Option holder. Any such assignment, transfer or encumbrance of Options shall cause the Options to lapse immediately. This does not prevent the exercise in accordance with the terms and conditions of this Option Plan of Options by the estate of a deceased Option holder.

19. **NOTICES**

Any notice regarding the Options will be sent to the registered address of the Option holder as recorded in the register of option holders maintained by the Company.

20. **DUTIES AND TAXES**

20.1 The Company shall be entitled to require as a condition to issuing any Shares on the exercise of an Option under the Option Plan, that the Eligible Employee remit, or in appropriate cases agree to remit, when due the amount necessary to satisfy all federal, state and local withholding tax (and social insurance if applicable) relating thereto. The Company makes no representation or undertaking regarding the tax treatment of the Option. The liability for all applicable taxes is the Eligible Employee's responsibility.

- 20.2 At the election of the Company, such amount referred to in clause 20.1 may be remitted by cheque payable to the Company or by the Company's withholding of Shares issuable upon the exercise of the Option, or a combination thereof.

21. **REPLACEMENT OF OPTION AGREEMENT**

If any Option Agreement is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company on payment by the claimant of the expenses incurred in connection with the replacement and on any terms as to evidence, indemnity and security as the Company may reasonably require. Mutilated or defaced Option Agreements must be surrendered before replacements will be issued.

22. **MISCELLANEOUS**

- 22.1 Except as otherwise provided in the Option Plan, the rights and obligations of an Eligible Employee under the terms of his or her employment with the Company or any related body corporate shall not be affected by his or her participation in the Option Plan.

- 22.2 The Option Plan shall not form part of or be incorporated into any contract of employment of the Eligible Employee with the Company or any related body corporate unless expressly stated and does not confer directly or indirectly on the Eligible Employee any legal or equitable right whatsoever against the Company or any related body corporate.

- 22.3 The grant of an Option under the Option Plan does not entitle the Eligible Employee to any other benefit or to future awards or rights under the Option Plan.

- 22.4 No Eligible Employee shall have any rights to compensation or damages in consequence of the termination of his or her employment for any reason whatsoever in so far as those rights arise from his or her ceasing to have rights under the Option Plan as a result of such termination.

- 22.5 Except as otherwise expressly provided by the Option Plan, the Remuneration Committee has absolute and unfettered discretion to act or refrain from acting under or in connection with the Option Plan or any Options under the Option Plan and in the exercise of any power or discretion in respect thereof any decision made by the Remuneration Committee under this Plan shall be binding on the Eligible Employee.

- 22.6 In the event of any dispute or disagreement as to the interpretation of the Option Plan, or as to any question or right arising from or related to the Option Plan or to any Options under the Option Plan and in the exercise of any power or discretion in respect thereof any decision made by the Remuneration Committee under this Plan shall be binding on the Eligible Employee.

23. **GOVERNING LAWS**

The Options are governed by and must be construed in accordance with the laws of New South Wales, Australia.

24. **EFFECTIVE DATE OF PLAN**

The Option Plan will become effective immediately upon its approval by the shareholders of the Company. The Option Plan must be approved by the

shareholders within 12 months before or after the adoption of the Option Plan by the Board.

25. **TERMINATION OF PLAN**

Options may be granted under the Option Plan at any time from time to time on or prior to the tenth anniversary of the effective date of the Option Plan under clause 24 (the “Expiration Date”), on which date the Option Plan will expire except as to Options then outstanding under the Option Plan.

**SCHEDULE 1**

**QRXPHARMA LIMITED  
ACN 102 254 151**

**EMPLOYEE SHARE OPTION PLAN – OPTION EXERCISE NOTICE**

I, **[INSERT NAME]** being the registered holder of the Options specified below, elect to exercise the Options as specified below in accordance with clause 5 of the terms and conditions of the Option Plan.

Number of Options being exercised:

Name and address of the Shareholder to be entered into the Shareholders' register in respect of Shares issued:

.....

.....

.....Postcode: .....

Enclosed with this notice is the certificate for the Options referred to above together with the relevant exercise money being **[\$[INSERT AMOUNT]]**.

In exercising the Options to acquire Shares, I agree to be bound by the provisions of the Constitution of QRxPharma Limited.

Date:

.....

Signed by the Option holder

## SCHEDULE 2

### QRXPHARMA LIMITED ACN 102 254 151

#### PROFORMA EMPLOYEE SHARE OPTION PLAN AGREEMENT

**THIS AGREEMENT** is made on 2007

**BETWEEN:** QRXPHARMA LIMITED ACN 102 254 151 (the "Company")

**AND:** [Insert details of Employee/Executive] ("Employee")

#### RECITALS

In recognition of the Employee's services and commitment to the Company and to provide the Employee with an opportunity to share in the financial success of the Company, the Company offers the opportunity to the Employee to purchase [insert number] Shares in the Company in accordance with the terms and conditions of the QRxPharma Limited Employee Share Option Plan ("**Option Plan**").

The Company and Employee agree as follows:

Capitalised terms used in this Agreement that are not defined herein shall have the same meaning as specified in the Option Plan.

#### 1. Grant of Options

The Company grants to Employee on the date of this Agreement ("**Grant Date**"), [insert number] options ("**Options**") to purchase all or any part of an aggregate of [insert number] Shares in the Company, on the terms and conditions of the Option Plan which are deemed to be read and incorporated as a part of this Agreement.

#### 2. Option Price and Exercise Price

2.1 The consideration paid for the grant of the Options is nil.

2.2 The exercise price of a Share purchased pursuant to the exercise of an Option under this Agreement is [\$insert].

#### 3. Exercise of Options

3.1 Subject to the earlier expiration of the Options or Accelerated Vesting under clauses 4 and 5 of this Agreement, Vested Options may only be exercised:

- (a) on the occurrence of an IPO; and
- (b) in accordance with clause 5 of the Option Plan.

3.2 The Options will vest as follows:

- (a) 33.33% of the Options will vest 12 months after the Grant Date;
- (b) 33.33% of the Options will vest 24 months after the Grant Date; and

(c) 33.34% of the Options will vest 36 months after the Grant Date.

3.3 Options may be exercised in parcels of 10,000 Options only. If the total number of Options held is less than 10,000 then the Options must be exercised in full.

#### 4. Expiry Date

4.1 Subject to clauses 4.2 to 4.7 and 9.1 of this Agreement, the Options expire seven (7) years after the Grant Date.

4.2 If the Employee is dismissed with cause or has committed an act of fraud, defalcation, or gross misconduct in relation to the affairs of the Company or any related body corporate (whether or not charged with an offence) all Options expire on the day the Employee ceases employment with the Company or its related body corporate.

4.3 If the Employee ceases employment with the Company or its related body corporate as a result of one of the following events happening in respect to the Employee:

- (a) Death or Permanent Disablement; or
- (b) Normal retirement at or after the age of 55;

then:

- (c) All Unvested Options expire on the day the Employee ceases employment with the Company or its related body corporate; and
- (d) All Vested Options expire 12 (twelve) months after the day the Employee ceases employment with the Company or its related body corporate, or on the Expiry Date, whichever is the earliest.

4.4 If the Employee ceases employment with the Company or its related body corporate as a result of one of the following events happening in respect to the Employee:

- (a) Voluntary resignation by the Employee; or
- (b) Redundancy; or
- (c) Dismissal by the Company with notice in accordance with the Employee's conditions of employment, in circumstances where clause 4.2 of this Agreement does not apply;

then:

- (d) All Unvested Options expire on the day the Employee ceases employment with the Company or its related body corporate; and
- (e) All Vested Options expire 90 (ninety) days after the day the Employee ceases employment with the Company or its related body corporate, or on the Expiry Date, whichever is the earliest.

4.5 For the purposes of clause 4.3(a), the Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) may exercise any Vested Options within the same period as specified in clause 4.3(d).

- 4.6 For the purposes of clause 4.3(b), if the Employee dies after such retirement, the Employee's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Employee) may exercise any Vested Options within the same period as specified in clause 4.3(d).
- 4.7 Notwithstanding any other provision of this Agreement, if an IPO has not occurred prior to or on 31 July 2007, then the Options (whether Vested Options or Unvested Options) expire on 31 July 2007.

## 5. Accelerated Vesting

Notwithstanding any other clause in this Agreement, in the event of:

- (a) the Death or Permanent Disablement of the Employee;
- (b) the Company becoming aware that a person has become a 90% holder of the Shares (as determined in accordance with section 664A of the Corporations Act);
- (c) a bidder in relation to the Shares giving notice under section 661B of the Corporations Act regarding compulsory acquisition of the Shares in the bid class;
- (d) a bidder in relation to the Shares giving notice under section 662B of the Corporations Act regarding a buy out of the remaining holders of the Shares in the bid class;
- (e) a person becoming a 100% holder of the Shares (as determined in accordance with section 665A(1) of the Corporations Act) through compulsory acquisitions under Part 6A.2 of the Corporations Act;
- (f) the disposal of the Company's main undertaking; or
- (g) such other circumstances as the Remuneration Committee may at any time determine,

then subject to the Corporations Act and the Listing Rules, the Remuneration Committee may in its sole discretion decide to waive the vesting conditions in clause 3.2 in relation to part of or all of the Options so the Options can be exercised immediately.

## 6. Entire agreement

- 6.1 This Agreement including the terms and conditions of the Option Plan as incorporated under clause 7, contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this Agreement and has no further effect.
- 6.2 This Agreement sets out the full extent of each party's obligations and liabilities in relation to its subject matter, whether in contract, tort, negligence, breach of statutory duty or otherwise.

**7. Terms and Conditions**

- 7.1 By signing this Agreement, you acknowledge that the terms and conditions of the Option Plan and in particular, clauses 6, 10 and 12 of the Option Plan have been read and incorporated as part of this Agreement.
- 7.2 To the extent that there is any inconsistency between this Agreement and the Option Plan, then this Agreement shall prevail.

**8. Inconsistency**

To the extent that there is any inconsistency between this Agreement and the Option Plan, then this Agreement shall prevail.

**9. No Assignment of Options**

- 9.1 Subject to clause 9.2, the Options may not be assigned, transferred or encumbered in any way by the Employee. Any such assignment, transfer or encumbrance of Options shall cause the Options to lapse immediately.
- 9.2 Clause 9.1 does not prevent the exercise in accordance with the terms and conditions of the Option Plan of Options by the estate of a deceased Option holder.

**10. Data Privacy Waiver**

- 10.1 Employee hereby agrees that the Company and its related bodies corporate are permitted to collect, store, hold, process and transfer personal (and sensitive) information and data relating to the Employee as part of its personnel and other business records and may use such information in the course of its business. Such information and data may include, but is not limited to, personal data, employment information and financial information. The Company and its related bodies corporate may use such data for compensation and benefit planning, to administer the Option Plan and other benefits plans, and otherwise in the course of its business.
- 10.2 Employee hereby agrees that the Company and its related bodies corporate may disclose or transfer such personal data or information to third parties, including parties situated outside the country in which the Employee works or resides, even if the recipient country has different data privacy laws than those in the country where the Employee works or resides.
- 10.3 This clause 10 applies to information and data held, used or disclosed in any medium.

**11. Governing Law**

This Agreement is governed by and must be construed in accordance with the laws of New South Wales.



**SIGNED** by )  
**QRXPHARMA LIMITED** )  
**ACN 102 254 151** )  
in accordance with section 127 of the )  
Corporations Act 2001: )

..... )  
Signature of Director/Secretary )

..... )  
Name of Director/Secretary )

..... )  
Signature of Director

..... )  
Name of Director

**SIGNED** by )  
in the presence of: )

..... )  
Witness )

..... )  
Name of Witness (printed) )

..... )  
Signature of

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**Dated:**

**2007**

**TERMS AND CONDITIONS OF THE**

**QRXPHARMA LIMITED**

**ACN 102 254 151**

**EMPLOYEE SHARE OPTION PLAN**



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Ref: RGS/AEJ: 3354203