



MEMO

To: Board of Directors
From: Company Secretary
Subject: **TRANSFER OF A SHARE OPTION**

I have been approached by Mr G with a request to transfer his options in the company to his super fund, for personal reasons.

He holds 1,000,000 options, expiring next May, and exercisable into ordinary fully-paid shares in the company at \$1.00 each. These options were granted free of charge in 2009 when the company floated on the ASX, being in consideration for his assistance in the share float (IPO).

According to the Options Agreement, the options may be transferred, but only with the prior consent of the board. There is no minimum vesting or escrow period in relation to the options or the shares.

The duly executed options transfer form is attached, for your information. I am not aware that there is any specific/legal requirement(s) for such document other than as necessary to clearly identify the securities being transferred and that it be signed – although in the opinion of some advisers such may be covered by Part 7.11 (*Title and Transfer*) of the Corporations Act.

Stamp duty no longer applies in Queensland (where the company is taken to be registered) on an options transfer because the underlying securities are stock exchange listed (which themselves are exempt from stamp duty) – but, incidentally, I do not know the current situation with regard to stamp duty on options transfers in other Australian states.

I understand from Mr G's accountant that he may be liable for capital gains tax on the options transfer, because the underlying value of the relevant shares (ie, the market price on the ASX) has increased over time since the IPO – but I believe that is a matter for the parties to the transfer, not us.

Note that following processing of the options transfer form, details of the transfer must be included in the Options Register as per section 170 of the Act.

I recommend board approval to the options transfer.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.