

7 October 2009

DKN Employee Share Option Plan (ESOP)

The DKN Financial Group Limited Board resolved to make some amendments to the Employee Share Option Plan pursuant to Rule 9 of the ESOP to allow for Board discretion for vesting of future issued options, and in other minor respects. A copy of the updated Rules is attached. There is no impact on any existing options.

As far as vesting is concerned, the Board may decide that options issued to a participant will not vest two and three years after the grant date if the Board forms the view should the performance of DKN and/or the performance of the individual not be satisfactory. In reaching such a decision, the Board must act fairly and reasonably and base its decision on a determination that DKN and/or the participant have not performed to a satisfactory level bearing in mind peer group performance and prevailing market conditions.

Derek Russell
Company Secretary

DKN FINANCIAL GROUP LIMITED

ACN 008 112 150

RULES

of the

DKN FINANCIAL GROUP LIMITED EMPLOYEE SHARE OPTION PLAN

These Rules incorporate amendments by the Board of Directors in September 2009

**RULES
of the
DKN FINANCIAL GROUP LIMITED
EMPLOYEE SHARE OPTION PLAN**

1. THE PLAN

The purpose of the Plan is to reward Eligible Persons for past services or to provide Eligible Persons with an incentive to remain with the Company and/or its Subsidiaries and to improve the longer-term performance of the Company and/or its Subsidiaries and its return to Shareholders.

2. DEFINITIONS

2.1 In these rules, unless the contrary intention appears:

Application Form means the form that the Board determines is to be used by an Eligible Person to apply for Options under the Plan;

Board means the board of directors of the Company or a committee appointed by the board of directors of the Company;

Company means DKN Financial Group Limited ACN 008 112 150;

Constitution means the constitution of the Company;

Control means, in relation to the Company, either:

- (a) the holding of more than one half of the issued ordinary Share capital of the Company; or
- (b) the ability to control the composition of a majority of the Board; or
- (c) the ability to control more than one half of the voting rights attaching to the issued ordinary share capital of the Company.

Control Event means any of the following:

- (a) an offer is made by a person for the whole of the issued ordinary Share capital of the Company (or any part as is not at the time owned by the offeror or any person acting in concert with the offeror) and after announcement of the offer the offeror (being a person who did not Control the Company prior to the offer) acquires Control of the Company;
- (b) any other event occurs which causes a change in Control of the Company; or
- (c) any other event which the Board reasonably considers should be regarded as a Control Event,

but does not include:

- (d) a Control Event which occurs and, as a result of that Control Event occurring, replacement shares or options are issued to the Participants in respect of any vested Options and/or the Option which vests under clause 6.3(a); or

- (e) a Control Event which occurs due to Select Managed Funds Limited (or its related bodies corporate) increasing its shareholding interest in the Company otherwise than by way of a takeover bid or scheme of arrangement.

Disposal Restriction means, in relation to an Option, the restrictions (if any) determined by the Board that are required to be satisfied before a Share acquired as a result of the exercise of the Option by the Participant can be sold, transferred or otherwise dealt with by a Participant;

Employment means employment with the Company or Subsidiary of the Company;

Eligible Person means those persons nominated by the Board from time to time who are at the time of the offer a full or part time employee of the Company or a Subsidiary, but excluding any director of the Company;

Exercise Conditions means, in relation to an Option:

- (a) the conditions set out in clause 4.5; or
- (b) any other performance hurdles or other vesting conditions (if any) determined by the Board in its discretion as specified in an Application Form in accordance with Rule 4.2,

that are required to be satisfied before the Option can be exercised;

Exercise Price means:

- (a) a premium of 20% per Option to the closing market price for the Company's fully paid ordinary shares on ASX on the Grant Date; or
- (b) the price as determined by the Board in its discretion as specified in an Application Form in accordance with Rule 4.2,

Exercise Period means, in relation to an Option, the period:

- (a) commencing from the date an Option becomes a Vested Option; and
- (b) ending:
 - (i) 4 years after the Grant Date; or
 - (ii) the date determined by the Board in its discretion as specified in an Application Form in accordance with Rule 4.2,

subject to any variation under rules 6.3 and 7;

Forfeiture Conditions means, in relation to an Option, the conditions (if any) determined by the Board that will result in an Option lapsing if satisfied;

Grant Date means, in relation to an Option, the date determined by the Board pursuant to rule 4.3;

Invitation Terms means the terms and conditions specified in the invitation from the Board to Eligible Persons under rules 4.1 and 4.2 ;

Liquidation means the passing of a resolution for voluntary winding up, or the making of an order for the compulsory winding up of the Company;

Notice of Exercise means the form that the Board determines is to be used by an Eligible Person to exercise the Options under the Plan;

Option means a right to subscribe for or acquire a Share;

Option Certificate means the certificate or statement (in a form approved by the Board) issued to the Participant that discloses the number of Options entered in the register of Option holders in respect of the Participant;

Participant means:

- (a) an Eligible Person who has been invited to participate in the Plan and who is determined by the Board to be a Participant for the purposes of the Plan; or
- (b) the legal personal representative of any person referred to in (a) duly appointed on the death or legal incapacity of that person;

Participating Company means the Company and any other company which is a Subsidiary of the Company and which has been expressly designated by the Board as being a Participating Company;

Permanent Disability means, in relation to a Participant, the inability, by reason of physical condition, mental illness or accident, of the Participant to perform substantially all of the duties of the position in which the Participant has been employed by the Company or its Subsidiary (as determined by the Board);

Plan means the Company's Employee Share Option Plan established and operated in accordance with these rules;

Relevant Proportion means in relation to each Shareholder that proportion which the aggregate number of Shares held by that Shareholder at the relevant time bears to the aggregate number of issued Shares at that time;

Reporting Date means 30 June in each year;

Secretary means the Company Secretary of the Company;

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means a shareholder in the Company;

Subsidiary means a subsidiary within the meaning of the Corporations Act;

Vested Option means an Option in respect of which all Exercise Conditions have been met or which are otherwise immediately exercisable (including as contemplated by rules 6.3 and 7).

2.2 Interpretation

In these rules, unless the context otherwise requires:

- (a) words of one gender include the other genders;
- (b) words importing the singular include the plural and vice versa;
- (c) reference to a person includes the legal personal representatives, successors and assigns of that person and also corporations and other entities recognised by law;

- (d) a reference to the Company's Constitution includes a reference to any provision having substantially the same effect which is substituted for or replaces the Constitution;
- (e) a reference to applicable law includes applicable laws of jurisdictions within or outside Australia;
- (f) references to any law includes that law as amended, re-enacted or replaced and any law that supersedes that law;
- (g) a reference to a "rule" or "these rules" is to the rule or these rules (as the case may be) as amended from time to time;
- (h) headings are for convenience only and do not affect the interpretation of these rules;
- (i) "including" and similar expressions are not and must not be treated as words of limitation;
- (j) 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; and
- (k) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.

3. ELIGIBILITY

The Board may determine at any time that any Eligible Person is not entitled to participate in the Plan if the Eligible Person's participation would be unlawful.

4. PARTICIPATION

4.1 Invitation to participate

The Board may invite any Eligible Person to complete an Application Form for the issue of Options in accordance with these Rules.

4.2 Application Form

The Board must give to each Participant the following information relevant to the Options:

- (a) the date of grant or intended date of grant (the Grant Date);
- (b) the total number of Options to be granted to the Eligible Person;
- (c) the Exercise Period;
- (d) the Exercise Price or the method of determining the Exercise Price;
- (e) the Exercise Conditions attaching to the Options (if any);
- (f) the Disposal Restrictions attaching to any Shares issued on exercise (if any);
- (g) the Forfeiture Conditions attaching to the Options (if any);
- (h) any other terms and conditions relating to the grant which, in the opinion of the Board, are fair and reasonable but not inconsistent with these rules;

- (i) in respect of the initial grant made to an Eligible Person, a summary, or a copy of these rules; and
- (j) any other information or documents that the Corporations Act 2001 requires the Company to give to the Participant.

4.3 Participant bound by Application Form, Rules and Constitution

By completing and returning the Application Form, a Participant agrees to be bound by the Invitation Terms, the terms of the Application Form, these rules and the Constitution and acknowledges that the offer of the Options by the Company replaces any previous offers of Shares or options in the Company, whether made verbally or in writing.

4.4 Exercise Conditions

Subject to clause 4.2(h) and clause 4.5, the Options are subject to the following Exercise Conditions:

- (a) 50% of the Options granted may be exercised at any time after vesting which occurs two years after the Grant Date and prior to the end of the Exercise Period; and
- (b) the remaining 50% of the options granted may be exercised at any time after vesting which occurs three years after the Grant Date and prior to the end of the Exercise Period.

4.5 Board discretion

Notwithstanding clause 4.4, the Board may decide that a Option issued to a Participant will not vest two and three years after the Grant Date if the Board forms the view that the performance of the Company and/or the Participant is not satisfactory. In reaching such a decision, the Board must act fairly and reasonably and base its decision on a determination that the Company and/or the Participant have not performed to a satisfactory level bearing in mind peer group performance and prevailing market conditions.

5. GRANT OF OPTIONS

5.1 Grant of Options

The Board must grant the Options specified in an Application Form to a Participant on acceptance of a duly signed and completed Application Form.

5.2 No payment for Options

No payment is required for the grant of Options under the Plan.

5.3 Transferability of Options

An Option granted under the Plan may not be transferred by a Participant unless it is transferred to:

- (a) a relative of the Participant;
- (b) a company of which the Participant is a director or shareholder;
- (c) a trust of which the Participant is a trustee or primary beneficiary; or

- (d) a superannuation fund of which the Participant is a primary beneficiary, (or as the Board determines otherwise),

but an Option may not be encumbered by the Participant unless the Board determines otherwise.

5.4 Option Certificate

The Company must issue an Option Certificate to a Participant in respect of the Options granted to that Participant. The Company must comply with the Constitution and the Corporations Act with respect to the issue of the Option Certificate.

6. EXERCISE OF OPTIONS

6.1 Manner of exercise of Options

The exercise of any Option granted under the Plan may only be effected by returning the Notice of Exercise accompanied by payment of the Exercise Price and the Option Certificate to which the Option relates to the Company within the Exercise Period relating to the Option.

6.2 Exercise conditions

Subject to rules 6.3 and 7, an Option granted under the Plan may only be exercised:

- (a) if all the Exercise Conditions have been met;
- (b) if the Exercise Price has been paid to the Company or as the Company may direct;
- (c) within the Exercise Period relating to the Option; and
- (d) if the Option has not been forfeited and has not lapsed.

6.3 Control Event

- (a) On the occurrence of a Control Event, the Options vests immediately (unless they have vested prior to the occurrence of the Control Event), whether or not any or all applicable Exercise Conditions have been met.
- (b) In the case of a takeover offer causing a Control Event which results in the bidder being entitled to at least 90% of the Shares, any Options which are not exercised by the end of the offer period under the takeover offer shall lapse.
- (c) In the case of a scheme of arrangement causing a Control Event, any Options which have not been exercised by the date which is 7 days after the date of the shareholders' meeting in relation to the scheme shall lapse.

6.4 Issue or transfer of Shares on exercise

Following exercise of an Option by a Participant, the Company must, within such time as the Board determines, allot and issue or procure the transfer to the Participant of the number of Shares in respect of which the Option has been exercised, credited as fully paid.

6.5 Obtaining Shares for allotment or transfer

The Board has discretion as to the manner in which the Company obtains Shares to be allotted and issued or transferred to Participants. It may acquire Shares or it may allot Shares, or any combination of the foregoing.

6.6 Shares rank equally

Subject to the satisfaction of any applicable Disposal Restrictions, Shares allotted and issued under the Plan must rank equally in all respects with all other Shares from the date of allotment and issue, including:

- (a) voting rights; and
- (b) entitlements to participate in distributions and dividends; and
- (c) future rights issues and bonus issues,

where the record date for determining entitlements falls on or after the date of allotment and issue.

6.7 Quotation of shares

Upon exercise of an Option, the Company will apply to ASX for, and will use its best endeavours to obtain, quotation for the Shares to be issued to the participant on exercise of the Option.

6.8 Reduction of Exercise Price upon a pro rata issue

If the Company gives holders of Shares the right (pro rata with existing shareholdings) to subscribe for additional securities, ("pro rata issue"), the Exercise Price of an Option will not vary.

7. CESSATION OF EMPLOYMENT AND LAPSING OF OPTIONS

7.1 Resignation

If a Participant's Employment ceases due to his or her resignation all Vested Options and all other Options granted to that Participant will lapse on the date which is 60 days after the date of resignation, unless the Board determines otherwise, in which event the Board will determine the longer period within which the other Options may be exercised following the date of cessation of Employment (and the Exercise Period is amended accordingly), after which those Options will lapse.

7.2 Retrenchment, Retirement or Permanent Disability

If a Participant's Employment ceases due to his or her retrenchment, retirement or Permanent Disability:

- (a) all Vested Options granted to that Participant at the date of cessation may be exercised by the expiration of the Exercise Period, after which those Vested Options will lapse; and
- (b) all other Options granted to that Participant will remain in full force and effect for the Exercise Period, subject to these rules, after which those Options will lapse (except for those Participants who have been employed for less than 3 years, in which case all of such Options will lapse at the date of cessation).

7.3 Death

If a Participant's Employment ceases due to his or her death:

- (a) all Vested Options granted to that Participant at the date of cessation may be exercised by the expiration of the Exercise Period, after which those Vested Options will lapse; and
- (b) all other Options granted to that Participant will remain in full force and effect for the Exercise Period, subject to these rules, after which those Options will lapse.

7.4 Cessation for any other reason

If a Participant's Employment ceases for any reason other than those contemplated by rules 7.1, 7.2 and 7.3, all Vested Options granted to that Participant will lapse on the date which is 60 days after the date of cessation after which those Options will lapse, and all other Options granted to that Participant will lapse at the date of cessation.

7.5 Liquidation

On Liquidation, all Options that are not Vested Options will lapse.

7.6 Forfeiture/Cessation of Employment for Cause

If, in the opinion of the Board, a Participant has acted fraudulently or dishonestly the Board may determine that any unexercised Option granted to that Participant should be forfeited, and the Option will lapse accordingly.

7.7 Forfeiture conditions

An Option will lapse on the occurrence of a Forfeiture Condition relating to that Option, unless the Board determines otherwise.

7.8 End of Exercise Period

If an Option has not been exercised or forfeited earlier in accordance with this rule 7, it will lapse at the end of the Exercise Period.

8. CHANGES IN CIRCUMSTANCES

8.1 Bonus Issue

Subject to rule 8.3, if there is a bonus issue to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of bonus Shares that the Participant would have received if the Option had been exercised before the record date for the bonus issue.

8.2 Reorganisation

Subject to rule 8.3, if any reorganisation of the issued capital of the Company takes place within the life of the Option, the number of Options to which each Participant is entitled and the exercise price will be reorganised as follows:

- (a) in a consolidation of capital, the number of Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
- (b) in a subdivision of the capital, the number of Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;

- (c) in a return of capital, the number of Options must remain the same and the Exercise Price of each Option must be reduced by the same amount as the amount returned in relation to each Share;
- (d) in a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled, the number of Options and the Exercise Price must remain unaltered;
- (e) in a pro rata cancellation of Shares, the number of Options must be reduced in the same ratio as the ordinary capital and the Exercise Price of each Option will be amended in inverse proportion to that ratio;
- (f) in any other case, the number of Options or the Exercise Price will be reorganized so that the Participant of the Option will not receive a benefit that holders of Shares do not receive. This rule does not prevent a rounding up of the number of Shares to be received on exercise if the rounding up is approved at the shareholders' meeting which at the reorganisation is approved; and in all other respects the terms of the exercise of Options will remain unchanged.

8.3 ASX listing rules on reorganisation of capital

The terms of an Option or the rights of a holder of Options may be changed by the Company to the extent necessary to comply with the ASX listing rules applying to a reorganisation of capital at the time of the reorganisation.

8.4 New Issues

A Participant is only entitled to participate (in respect of Options granted under the Plan) in a new issue of Shares to existing shareholders generally if the Participant has validly exercised his or her Options within the relevant Exercise Period and become a Shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder.

9. AMENDMENT

These rules may be amended or supplemented by resolution of the Board. Any amendment to these rules will apply to all Options granted under these rules that have not yet been exercised provided it is not materially adverse to the Participant's position taking all the circumstances into consideration.

10. POWERS OF THE BOARD

10.1 Powers of the Board

The Plan will be managed by the Board, which will have power to:

- (a) determine appropriate procedures for the administration of the Plan consistent with these rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) determine matters falling for determination under these rules in its discretion having regard to the interests of and for the benefit of the Company;

- (d) exercise the discretions conferred on it by these rules or which may otherwise be required in relation to the Plan; and
- (e) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan.

10.2 Indemnification

The Company will indemnify to the extent permitted by section 199A of the Corporations Act, each officer of the Company against all liabilities that may be lawfully indemnified arising in connection with the administration of the Plan.

10.3 Commencement of Plan

The Plan will take effect on and from the date the Company adopts the Plan.

10.4 Resolution to supplement or amend

In passing a resolution to supplement or amend these rules, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

11. CONTRACTS OF EMPLOYMENT OR ENGAGEMENT AND OTHER EMPLOYMENT OR ENGAGEMENT RIGHTS

11.1 Calculation of employee benefits

The value of the Options does not increase a Participant's income for the purpose of calculating any employee or other benefits.

11.2 No right to future employment etc.

Participation in the Plan does not confer on any Participant any right to future employment or engagement with the Company or any Subsidiary of the Company and does not affect any rights which the Company may have to terminate the employment of any Participant.

12. CONNECTION WITH OTHER PLANS

This Plan supersedes any other employee share incentive or other plan operated or previously offered by the Company. In addition, the Company shall ensure that the number of Shares to be received on exercise of an Option granted under these rules when aggregated with:

- (a) the number of Shares in the same class which would be issued were each outstanding offer with respect to Shares, units of Shares and Options under an employee share scheme to be accepted or exercised; and
- (b) the number of Shares in the same class issued during the previous five years pursuant to the employee share incentive or any other plan extended to employees of the Company,

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (c) an offer to a person situated at the time of receipt of the offer outside Australia;
- (d) an offer that was an excluded offer or invitation within the meaning of the Corporations Act, as in force before the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999;

- (e) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (f) an offer that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act; or
- (g) an offer made under a disclosure document or product disclosure statement,

must not exceed 5% of the total number of issued Shares in that class of the Company as at the time of the offer.

13. NOTICES

Any notice or direction given under these rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or given in any reasonable manner that the Board from time to time determines.

14. GENERAL

Notwithstanding any rule, Shares may not be allotted and issued, transferred or dealt with under the Plan if to do so would contravene the Corporations Act or any other applicable laws.

15. PLAN COSTS

15.1 Plan costs

The Company must pay all costs, charges and expenses relating to the establishment and operation of the Plan, including all costs incurred in or associated with an allotment, issue or purchase of Shares for the purposes of enabling Participants to exercise Options granted to them under the Plan.

15.2 Reimbursement

The Company and any Subsidiary of the Company may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by the Corporations Act. In addition, the Company may require any Subsidiary to enter into such other agreement or agreements as it shall deem necessary to oblige such Subsidiary to reimburse the Company for any other amounts paid by the Company hereunder, directly or indirectly in respect of such Subsidiary's employees.

16. GOVERNING LAW

The laws of Victoria, Australia, govern these rules.