



LONG TERM INCENTIVE PLAN

OFFER DOCUMENT

AND

TERMS AND CONDITIONS

Date:

To:

Invitation to participate in the Bisalloy Steel Group Limited Long Term Incentive Plan

Dear _____,

On behalf of the Board of Directors, I am pleased to introduce you to the Bisalloy Steel Group Limited Long Term Incentive Plan (**Plan**).

The Plan has been created to give key employees an opportunity to share in the growth and value of Bisalloy Steel Group's business over the longer term through a grant of Rights to receive ordinary shares in Bisalloy Steel Group at no cost to you (subject to any taxation implication) once certain performance conditions have been met.

The details of your grant for this year are set out below.

You should note that participation in the Plan may have taxation implications. **We recommend that you seek your own individual taxation advice before deciding whether to participate in the Plan.**

Your grant of Rights

I am delighted to advise you that the board has granted you _____ Rights under the Plan on _____ (**Grant Date**). The Rights are granted and represent the number of shares that you will receive if the employment and performance criterion set out below are met:

The Rights will be subject to two (2) criteria. You will have to remain an employee remain an employee of the Bisalloy Steel Group until 1 September 202X and Bisalloy Steel Group will have to deliver superior long-term performance. The Board has determined that there will be a single measure of superior performance which is return on invested capital (ROIC). This will operate as follows:

Actual ROIC will be measured against a Target ROIC which will be set annually by the Board in respect of the forthcoming Performance Period. The Rights will vest if Bisalloy Steel Group performs at or above the Target ROIC. For this grant of Rights, the Target ROIC has been set when the budget was approved by the Board earlier this year, at XX%.

If you cease employment at Bisalloy in Special Circumstances (as defined) during the performance testing period, your Rights will be recalculated to reflect a pro rata adjustment based on your period of service. Otherwise, they will remain subject to the general vesting provisions, including the date of vesting.

The performance conditions are more fully set out in the attached Terms and Conditions.

Invitation

This letter together with the accompanying Terms and Conditions constitutes your invitation (**Invitation**) to participate in the Plan. The Invitation contains the terms and conditions applicable to your grant of Rights. Please read them carefully.

Accepting the Invitation

If you wish to accept this Invitation, please complete and sign the form attached as Appendix A and return it to me by email as a signed PDF.

If you do not return **the signed Appendix A form** within **30 days** of the date of this letter, you will be taken to have rejected this invitation to participate in the Plan.

By accepting this Invitation, you agree to be bound by the Terms and Conditions (which are attached), the Plan Rules and (from the date of vesting) the constitution of Bisalloy Steel Group.

We look forward to your sharing in the future growth of Bisalloy Steel Group.

Yours sincerely,

David Balkin
Chairman

BISALLOY STEEL GROUP LONG TERM INCENTIVE PLAN TERMS AND CONDITIONS

This document sets out the Terms and Conditions applicable to your grant of Rights under the Plan. Please read it carefully. Terms used in these Terms and Conditions are defined in the Glossary.

1. GRANT OF RIGHTS

1.1 Rights

The Rights are granted in a single component, as follows:

Subject to meeting the performance and the employment criteria (see below in 2.3 and 2.4)) 100% of your entitlement of the Rights will become Vested Rights at the end of the Performance Period.

1.2 No cost

The Rights are granted at no cost to you although any taxation liability arising from the grant are your responsibility.

1.3 Shares when Rights vest

When your Rights become Vested Rights, Shares will be issued to you at no cost. Shares will rank equally with all existing Shares in all respects from the date they are issued to you. Where the Board receives advice that you reside in a place where local laws prevent such issue of Shares or the issue of shares will in the Board's opinion not achieve the desired outcome then the Board may determine to satisfy your entitlement to Shares under a Vested Right wholly in the form of cash rather than Shares. This document does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation and is subject to any regulatory requirements then current.

2. VESTING OF RIGHTS AND PERFORMANCE CONDITIONS

2.1 Vesting of Rights

A Right becomes a Vested Right in accordance with clauses 2.3, 2.4, 3.2, 3.3, 4 and 12 unless the Right lapses under these Terms and Conditions. The Board may at your request suspend vesting any right for a period of up to 6 months from the end of the performance period. If you wish to exercise this right of suspension, you must notify the Board prior to the expiration of the Performance Period.

2.2 Performance Periods

The Performance Period commences on 1 July 202X and finishes on 31 July 202Y. This represents the entire three year period.

2.3 Continued Employment Condition

Following your Acceptance (see clause 12) and subject to clause 3, you must remain employed by the Bisalloy Steel Group at all times during the Performance Period in order to be eligible to receive Vested Rights.

2.4 **ROIC Performance Condition**

The number of Rights that will become Vested Rights at the end of the Performance Period is determined as follows:

100% of the Rights become Vested Rights if Actual ROIC is equal to or greater than the Target ROIC (as set by the Board) over the Performance Period.

2.5 **Performance Condition testing**

As soon as practicable after the end of the Performance Period, the Board will determine, taking into account the advice it receives, whether the Performance Condition detailed in Cl. 2.4 above has been satisfied and the extent to which Rights become Vested Rights in accordance with these Terms and Conditions and any determination by the Board is final and conclusive. Any Rights that do not become Vested Rights lapse.

2.6 **Vesting Notice and transfer of Shares**

As soon as practicable (but no later than 6 months) after a Right becomes a Vested Right, subject to clause 1.3, the Board must:

- (a) give a notice to you specifying the number of Rights held by you that have become Vested Rights and the number of Shares you are entitled to receive (**Vesting Notice**); and
- (b) if a trustee is holding shares, notify the Trustee and assist the Trustee to transfer to you the number of Shares specified in the Vesting Notice.

3. **CESSATION OF EMPLOYMENT**

3.1 **Effect on Unvested Rights**

If you cease to be an Employee during the applicable Performance Period for any reason other than the reasons specified in Cl. 3.2 or 3.3 below then all Unvested Rights will lapse on the Leaving Date unless the Board determines otherwise. For the avoidance of doubt if your employment with Bisalloy ceases by reason of Termination for Cause then all Unvested Rights will lapse on the Leaving date.

3.2 **Death or Total and Permanent Disablement**

If you cease to be an Employee by reason of death or Total and Permanent Disablement during the Performance Period, then you will retain all Unvested Rights which will vest at the end of the vesting period if the ROIC Performance Condition is met at that time or at some earlier date as the Board in its discretion may decide. As part of its discretionary exercise the Board will be guided by considerations of compassion and fairness to the family of any deceased or permanently disabled employee. A reference to you in this clause 3.2 includes a reference to your lawful personal representative.

3.3 Special Circumstances

If you cease to be an Employee by reason of Special Circumstances during the Performance Period, and where the Board at its discretion determines your entitlement to Unvested Rights at the time of leaving, then the following rules will apply:

(a) **Unvested Rights Retained:**

- (i) There will be an acceleration of Rights for vesting purposes but no waiver of the ROIC Performance Condition to determine whether they become Vested Rights at the end of the performance period.
- (ii) The acceleration of the Rights for vesting purposes will be determined in accordance with the following formula:

$$D = A \times B/C$$

where:

- A is the total number of Rights that would be subject to vesting at the end of the Performance Period had you been an employee;
- B is the number of days commencing on the Grant Date and ending on the Leaving Date;
- C is the number of days in the Performance Period; and
- D is the number of retained Unvested Rights.

Clause 2.6 will apply to the number of Rights that become Vested Rights under clause 3 and, where clause 3 applies, all Rights that do not become Vested Rights in accordance with clause 3.3 will lapse.

4. CHANGE OF CONTROL OR DELISTING

4.1 Vesting

If:

- (a) **(Change of Control)** there is a Change of Control; or
- (b) **(delisting)** Bisalloy Steel Group ceases to be listed on ASX,

then the Board may determine that the Performance Conditions applicable to a Right are waived, in which case each such Right held by you becomes a Vested Right.

4.2 **Shares**

Clause 2.6 applies to Rights that become Vested Rights under clause 4.1. Any Rights that do not become Vested Rights under that clause lapse.

5. **ROUNDING**

If application of these Terms and Conditions would result in a fraction of a Right becoming a Vested Right, then the number of Rights that become Vested Rights shall be rounded up to the nearest whole number.

6. **REORGANISATION**

For information concerning how a future reorganisation of Bisalloy Steel Group's share capital may affect the Rights, please refer to the Plan Rules.

7. **YOUR OBLIGATIONS**

You must complete and execute any document (including but not limited to applications for Shares and Share transfers) and must do all acts or things on behalf of and in your name which the Board considers necessary or desirable for the purpose of giving effect to the Plan Rules or these Terms and Conditions.

8. **ATTORNEY**

In consideration of your grant of Rights you are deemed to irrevocably appoint each Director (from time to time), Bisalloy Steel Group and any person nominated from time to time by the Board as your attorney to complete and execute any document and do all things the Board considers necessary or desirable to give effect to the Plan Rules or these Terms and Conditions. For further information on this, please refer to the Plan Rules.

9. **DUTIES AND TAXES**

Bisalloy Steel Group is not responsible for any duties or taxes which are or may become payable on the grant of Rights, or on the issue or transfer of Shares when Rights become Vested Rights or any other dealing with the Shares (except for payroll tax or other taxes imposed on Bisalloy Steel Group in its capacity as your employer or to the degree it determines to accept those costs). As stated in clause 11 below you seek external advice, in particular tax advice before accepting.

Bisalloy Steel Group may make any withholding or payment which it is required by law (if any) to make in connection with the Plan, the Rights or the issue or transfer of Shares under the Plan.

10. **DOCUMENTATION**

The principal documents governing the operation of the Plan are the Plan Rules and the Invitation (which includes these Terms and Conditions). Where there is an inconsistency between the Invitation and the Plan Rules, the Plan Rules will prevail.

You should not rely upon any representation made in relation to your grant of Rights except as set out in the Invitation. You should carefully read the Invitation and the Plan Rules.

You are required to abide by any share trading policy of Bisalloy Steel Group which applies to Employees.

11. **GENERAL ADVICE ONLY**

This Invitation contains general advice only. You may wish to consider obtaining your own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission (ASIC) to give such advice. Participation in the Plan may have taxation implications. We recommend that you seek your own individual taxation advice in relation to your participation in the Plan.

12. **ACCEPTANCE**

To accept this Invitation to participate in the Plan, you must complete the form attached as Appendix A and return it to the Chairman.

If you do not return the form within **30 days** of the date of this letter to the Chairman, you will be taken to have rejected this invitation to participate in the Plan.

By accepting this Invitation, you agree to be bound by the Terms and Conditions (which are attached), the Plan Rules and (when shares are transferred to you) the constitution of Bisalloy Steel Group.

If you do not wish to accept the Invitation to participate in the Plan you do not need to do anything.

13. **GLOSSARY**

Actual ROIC	Actual average return on invested capital over the Performance Period
ASX	ASX Limited ABN 98 008 624 691.
Target ROIC	The return on invested capital determinable at the time the Board approves the budget of Bisalloy Steel Group for the Performance Period.
Board	The board of directors of Bisalloy Steel Group or the remuneration committee of the Board, as constituted from time to time.
Bisalloy Steel Group	Bisalloy Steel Group Limited, ABN 22 098 674 545.
Bisalloy Steel Group	Bisalloy Steel Group and its related bodies corporate.
Change of Control	(a) a takeover bid is announced for all of the shares and the bidder has acquired voting power in more than 50% of the Shares;

- (b) a court sanctions a compromise or arrangement for the purposes of, or in connection with, a scheme for the amalgamation of Bisalloy Steel Group with any other company or companies under Part 5.1 of the Corporations Act; or
- (c) a transaction has occurred (other than a takeover or a scheme of arrangement) under which control of Bisalloy Steel Group has passed from the then existing shareholders.

Continued Employment Condition	The condition set out in clause 2.3.
Data Provider	Such person as the Board determines from time to time.
Director	A director of Bisalloy Steel Group.
Employee	A full-time or permanent part time employee (including an executive director) of Bisalloy Steel Group or any related body corporate.
ROIC	<p>Return on invested capital calculated in accordance with relevant accounting standards and will be adjusted to reflect the heavily depreciated plant and equipment component but shall exclude Property, plant & equipment revaluation carrying amounts..</p> <p>For the avoidance of doubt, ROIC will be calculated as;</p> <p>EBIT divided by (working capital plus property, plant & equipment less property revaluation adjustments plus capital adjustment factor). For the avoidance of doubt, the above classifications are per the published Annual Financial Accounts. The capital adjustment factor is to be determined for each grant Performance Period. Approved capital investments, excluding maintenance, will be reflected via an adjustment to the factor.</p>
ROIC Performance Condition	The condition set out in clause 2.4.
Grant Date	The date on which the Rights were granted to you as specified in the Invitation.
Invitation	Your invitation to participate in the Plan, which these Terms and Conditions form part of.
Leaving Date	The date you cease to be an Employee.

Rights	The Rights described in clause 1.1(a).
Performance Condition	The Continued Employment Condition and the ROIC Performance Condition.
Performance Period	Has the meaning given to that term in clause 2.2
Plan	The Bisalloy Steel Group Long Term Incentive Plan as set out in the Plan Rules.
Plan Rules	The Rules of the Plan.
Redundancy	Termination or cessation of employment as a result of redundancy, as determined by the Board.
Right	A right to acquire a Share for no consideration in accordance with these Terms and Conditions.
Share	A fully paid ordinary share in the capital of Bisalloy Steel Group.
Special Circumstances	Cessation of employment by reason of: <ul style="list-style-type: none"> (a) Redundancy; (b) Such other circumstances which are considered by the Board to be extraordinary.
Termination For Cause	Termination of your employment by reason of any illegal conduct or serious misconduct (including serious neglect or duties or unacceptable behaviour) in relation to the Bisalloy Steel Group Group or in connection with you becoming disqualified from managing a corporation without the leave of the court under the Corporations Act.
Terms and Conditions	The terms and conditions applicable to your grant of Rights contained in this document.
Trust (if applicable)	The trust established by Bisalloy Steel Group under the Plan Rules to receive Shares on your behalf.
Trustee (if applicable)	The trustee of the Trust from time to time.
Unvested Right	A Right which is neither a Vested Right nor a Right that has lapsed, expired or been forfeited in accordance with these Rules or the Terms and Conditions.
Vested Right	A Right that becomes a Vested Right in accordance with

clauses 2.3, 2.4, 3.2, 3.3, 4 or 12.

Vesting Notice

A notice given to you under clause 2.6 specifying the number of Rights held by you that have become Vested Rights and the number of Shares you are entitled to receive.

YOU NEED TO COMPLETE THIS FORM AND RETURN IT TO BISALLOY STEEL GROUP IF YOU WISH TO ACCEPT THE INVITATION TO PARTICIPATE IN THE PLAN AND THE GRANT OF RIGHTS IN THE INVITATION.

IF YOU DO NOT WISH TO ACCEPT THE INVITATION TO PARTICIPATE IN THE PLAN AND THE GRANT OF RIGHTS IN THE INVITATION YOU DO NOT NEED TO COMPLETE THIS FORM.

APPENDIX A

**BISALLOY STEEL GROUP LONG TERM INCENTIVE PLAN
FORM**

The Chairman
Bisalloy Steel Group Limited
18 Resolution Drive
Unanderra, NSW 2526

I(name)

of

.....(address)

refer to the invitation to participate in the Bisalloy Steel Group Long Term Incentive Plan and the grant of Rights made to me with a Grant Date of under the Bisalloy Steel Group Long Term Incentive Plan Rules (Plan Rules).

I wish to accept this grant of Rights.

Signature:

Date:.....

Note: If you wish to accept this grant of Rights, this form must be returned to Bisalloy Steel Group within 30 days of the date of the Invitation

Please note that if you do not respond within 30 days of the date of the Invitation, you will be taken to have rejected the invitation.

Note: Participation in any employee incentive scheme may have taxation implications. We recommend that you seek your own individual taxation advice before deciding whether to participate in the Bisalloy Steel Group Long Term Incentive Plan.