

[LETTER OF OFFER – ESOP]

5G Networks Limited
Level 8, 99 William Street
Melbourne VIC 3000

[offeree name]

[address]

[date]

Dear [name]

OFFER OF OPTIONS

On behalf of the Board of Directors (**Board**) of 5G Networks Limited (**5GN**) I am pleased to offer you Executive and Director Shares Options (**Options**) under the 5GN Executive and Director Share Option Plan (**Plan**).

This offer is made under the Plan and subject to the rules of the Plan (**Rules**) a copy of which accompanies this letter of offer. By accepting this offer you agree to be bound by the Constitution of 5GN and the Rules. The Rules include important information in relation to the Options, their underlying rights and the details for exercise of the Options should you accept this offer. Please read the Rules carefully.

The objective of the Plan is to assist in the reward, retention and motivation of Employees.

The offer is as set out below:

Number of Options	[TBA]
Type of Option	Each Option entitles the Option holders to subscribe for 1 fully paid ordinary share in 5GN (Share) upon exercise
Consideration	Nil
Expiry Date	14 October 2020
Exercise Price	\$\$0.30 per Option
Vesting Conditions	The Options vest over 3 years, subject to you continuing to be employed by 5GN or a company in the 5GN Group (Vesting Conditions).

Provided you satisfy the Vesting Conditions:

- one half of the Options will be vested on the second anniversary of the issue of the Options; and
- the remainder of the options will be vested on the third anniversary of the issue of the Options

General Conditions	The Options are subject to the General Conditions set out within this letter or within the Rules
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RISKS

Before accepting this offer, you should be satisfied that you have a sufficient understanding of the risks involved in exercising Options and acquiring Shares, having regard to your investment objectives, financial circumstances and taxation position. You should be aware that the value of Shares may increase or decrease. There is no assurance that the price of the Shares will increase on that 5GN's earnings will increase.

Some of the factors which may affect the price of the Shares include but are not limited to:

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- fluctuations in the domestic and international market for listed stocks;
- general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- the nature of the markets in which 5GN operates; and
- general operational and business risks.

Other factors which may negatively affect investment sentiment and influence 5GN specifically or the stock market more generally, include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events. All of these risk factors could affect the value of Shares.

We recommend that you seek professional guidance from your financial advisor, solicitor, accountant or other independent and qualified professional before deciding whether to acquire Options or exercise Options and acquire Shares.

TAXATION

Division 83A

Special rules contained in Division 83A of the *Income Tax Assessment Act 1997* (**Division 83A**) apply to the taxation of the Options.

Acquisition

Division 83A taxes the “discount” on the Options received by you upfront, i.e. at acquisition.

The “discount” is the market value of the Option less any consideration paid by you for the Option. As you are not required to pay for your Options the “discount” will be the value of the Options at the date that you acquire them.

In **Table A** we set out the amount which will be required to be included in your income tax return in the income tax year ended 30 June 2018 i.e. the discount (based on the number of Options acquired).

We note that the Plan is not eligible for the Division 83A upfront deduction nor does it satisfy the requirements for income tax deferral, consequently as the Option holder you will not be eligible to have:

- the amount included in assessable income reduced; or
- the income year in which it is included deferred.

Therefore, you will need to include the Table A amount in your 30 June 2018 income tax return. This will be taxed as ordinary income i.e. not as a capital gain.

Table A

Number of Options	Discount included in assessable income in 30 June 2018 income year*
100,000	\$360.00
200,000	\$720.00
250,000	\$900.00
300,000	\$1,080.00
400,000	\$1,440.00
450,000	\$1,620.00

*The discount is calculated based on an acquisition date of 13 September 2017 and an Expiry Date of 15 October 2020, a 25c market value price and a 30c exercise price. Changes to either of these dates or figures might affect the value of the discount.

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Shares acquired on exercising Options

There are no income tax consequences on acquiring 5GN shares by exercising your Options.

This recognises that you will have already been taxed on acquisition of the Options, and should not be taxed again on exercise. We consider gains or losses on subsequent a disposal of any 5GN share obtained below.

CGT Consequences on disposal of 5GN shares

For capital gains tax (CGT) purposes, the acquisition date of the 5GN shares is taken to be the acquisition date of the Options.

The first element of your cost base for the 5GN shares acquired the discount included in your assessable income on acquiring the Option (we refer you to Table A) plus any amount paid by you to exercise that Option.

Example

5GN issues options to a senior employee. If exercised, the options would allow the senior employee to acquire 100,000 5GN shares for \$0.30 each. The senior employee does not pay for the option.

The senior employee exercises the option and pays \$30,000 for the 5GN shares. The first element of the senior employee's cost base for the 5GN shares is \$30,180 (i.e. \$30,000 + \$180).

Lapsed and forfeited Options

You may be entitled to exclude the taxable discount from your assessable income and receive a refund of taxes paid for an Option that has been forfeited, lapsed, expired or lost (without the Option having been disposed of or exercised) as the Plan does not directly protect you from a fall in the market value of the Options (or 5GN shares) (this is referred to as market risk).

A refund is available if the forfeiture or loss was not the result of a choice you made, except where the choice was

- to cease employment; or
- not to exercise the Option before it lapsed or to allow the Option to be cancelled.

However, if you receive valuable consideration for no longer holding the interest, it is possible that the Australian Tax Office may not consider your ESS interests forfeited or lost.

If you are entitled to exclude the taxable discount, you are treated as never having acquired your ESS interests. You may request an amendment of your assessment to exclude the amount previously included in your assessable income. There is no time limit for amending an assessment to exclude an amount from assessable income for an ESS interest which is forfeited or lost.

In the highly unlikely event where a refund is not available, (because say, 5GN reacquires the Options off you, for whatever reason), you may be able to claim a capital loss under the CGT provisions.

Fringe Benefit Tax

As the discount on the Options are taxed under Division 83A, they are exempt from being taxed as a fringe benefit and no fringe benefits tax will be payable on you receiving the Options.

If you wish to accept this offer please sign where indicated below and return to [insert].

Yours sincerely

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[name] - For and on behalf of 5G Networks Limited
Director

Acceptance:

I accept the offer of Options under the 5GN Employee Share Option Plan specified in this letter. I agree to be bound by the Constitution of 5GN and the Rules.

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Name:
Date:

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