

HAPPY VALLEY NUTRITION LIMITED

EMPLOYEE SHARE OPTION PLAN RULES

Adopted by the Board on 12th November 2020

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BACKGROUND

- A This Plan seeks to align interests of Eligible Participants with those of the Company by permitting the grant of Options to allow Eligible Participants to share, subject to certain Vesting Conditions (if any), in value appreciation of the Company.

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

Definitions

- 1.1 In this Plan, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Affiliate means:

- (a) in relation to a natural person, a relative, spouse or de facto partner (as that term is generally understood in New Zealand) of that person;
- (b) in relation to a body corporate, a Related Company; and
- (c) in relation to trustees of a trust, those trustees from time to time (whether original, additional or replacement) and any body corporate which would be a Related Company of that trust if the trust was itself a company.

Applicable Law means any one or more, as the context requires, of:

- (a) the Companies Act;
- (b) the Corporations Act 2001 (Cth);
- (c) the Listing Rules (as applicable);
- (d) the Constitution (as applicable);
- (e) the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014;
- (f) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend paragraphs (a), (c) and (e) above; and
- (g) any other legal requirement that applies to the Plan.

Acceptance Form means a signed acceptance form by an Eligible Participant to participate in the Plan made in response to an Offer in accordance with the Rules.

Bad Leaver means a Participant whose employment or engagement with the Company ceases and who is not a Good Leaver.

Board means the board of directors of the Company, or to the extent applicable, a committee appointed by the board of directors of the Company, as constituted from time to time, or any person who is provided with delegated authority by the board of directors pursuant to clause 15.2 from time to time.

Cancel means the deletion of Options by the Company as required under clause 11.2 and **Cancellation** and **Cancelled** has a similar meaning.

Cliff Period means the trial period applying to new hire Eligible Participants during which no vesting occurs. During the cliff period vesting accrues, but the total effect of this vesting is realised immediately after the cliff period, which shall not exceed one year.

Companies Act means the Companies Act 1993, as amended from time to time.

Company means Happy Valley Nutrition Limited a limited company incorporated in New Zealand under the Companies Act with company number 5952532.

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

Contractor means a person who provides personal services (other than as an Employee) principally to any member of the Group.

Director means a director of any member of the Group.

Effective Date means the date this Plan is resolved to be effective from by the Board of the Company.

Eligible Participant means any Contractor, Director or Employee of the Company and who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options under this Plan.

Employee means an employee of any member of the Group.

Exercise Period means the period up to the Expiry Date during which a vested Option may be exercised, and as determined by the Board under clause 8.1.

Exercise Price means the exercise price payable (if any) by a Participant to acquire a Share on the exercise of an Option as specified by the Board in the Offer in its sole and absolute discretion.

Expiry Date means:

- (a) three years from vesting for each tranche of the Options; or
- (b) any earlier date determined by the Board and as specified in the Offer,

after which the relevant Options will lapse and may no longer be exercised.

FMA means the Financial Markets Authority established under section 6 of the Financial Markets Authority Act 2011.

Forfeiture Conditions means any criteria, requirements or conditions as determined by the Board (if any and as specified in an Offer) or otherwise under this Plan which if it occurs (despite the satisfaction or waiver of any Vesting Conditions) will result in a Participant forfeiting any Options.

Good Leaver means a Participant whose employment or engagement with the Company ceases by reason of death, redundancy, total permanent illness or disablement of such person, or as otherwise specified by the Board for the purposes of this definition at its absolute discretion, taking into account factors such as the contribution made by the Participant to the Company, positive annual staff reviews, no disciplinary action, and such other factors that the Board considers to be relevant.

Grant Date means the date determined by the Board in its sole and absolute discretion following the date on which Options are granted to a Participant and receipt by the Company of the signed Acceptance Form.

Group means the Company and any of its Subsidiaries.

Liquidity Event means:

- (a) a change in the beneficial ownership of 50% or more of the Shares in the Company as a result of a single transaction;
- (b) the sale of all, or substantially all, of the assets of the Company; or
- (c) the Takeover of the Company,

provided that, for these purposes, none of the following is to constitute a change in the beneficial ownership of those Shares:

- (d) the change of one or more trustees of any trust which holds, directly or indirectly, any Shares;

- (e) the transfer of any Shares or shares in any person who owns Shares (directly or indirectly) from a person or trust to a person wholly owned and controlled by that transferor; or
- (f) the transfer of any Shares or shares in any person who owns Shares (directly or indirectly) from a person to a person or trust who wholly owns and controls that transferor.

Listing Rules means the ASX Listing Rules and any other listing rules, market rules or operating rules of a financial market on which the Shares are quoted or are the subject of an application for quotation.

Notice of Exercise means a notice of exercise of Options in the form determined by the Board from time to time.

Offer has the meaning given to that term in clause 4.1.

Option means an option granted under this Plan to subscribe for, acquire and/or be allocated (as determined by the Board in its sole and absolute discretion) one Share subject to the satisfaction of any Vesting Conditions, payment of the relevant Exercise Price (if any) and further, subject to any other conditions attaching to an Offer whether pursuant to the terms of grant of the Offer, the terms of this Plan or otherwise.

Participant means an Eligible Participant who has been offered Options pursuant to this Plan and who has returned a corresponding Acceptance Form to the Company that has been accepted by the Company pursuant to this Plan.

Performance Hurdles means any minimum performance requirements (as specified in an Offer and determined by the Board in its sole and absolute discretion) which must be met prior to Options vesting or being eligible to transfer.

Plan means the employee share option plan governed by the Rules.

Related Company has the same meaning as in section 2(3) of the Companies Act read as if the expression 'company' in that subsection includes any body corporate of any jurisdiction

Rules means these rules of the Plan, as amended from time to time.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third-party interest of any nature.

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

Shareholder means any holder of equity capital of the Company.

Subsidiary has the meaning as set out in the Companies Act.

Takeover means the acquisition of a controlling interest in 50% or more of the Shares of the Company, the acquisition of the Company by another entity, the amalgamation of the Company with any other entity or the Company entering into any transaction which changes the essential nature of its business.

Tax means any tax, levy, duty, rate, impost, charge, deduction or withholding (and any related penalty, fine, fee or interest) imposed, levied or assessed by a Tax Authority.

Tax Authority means a public authority that imposes, administers or otherwise has responsibility for Tax and includes in the case of New Zealand, the Inland Revenue.

Term means the period commencing on the Grant Date and ending on the Expiry Date (inclusive).

Third Party means, in relation to a Shareholder, a person who is not an Affiliate of that Shareholder.

Transfer means to transfer, assign, encumber or otherwise deal with.

Vesting Conditions means any time-based requirement or condition (if any and as specified in an Offer and determined by the Board in its sole and absolute discretion) that must be met prior to Options vesting.

Interpretation

- 1.2 In these Rules, unless otherwise stated or the contrary intention appears:
- 1.2.1 except as specified in clause 1.1 words or expressions used in these Rules that are defined in the Companies Act have the meaning given by the Companies Act;
 - 1.2.2 a reference to any legislation or to any provision of any legislation includes:
 - (a) that legislation or provision as from time to time amended, re-enacted or substituted; and
 - (b) any statutory instruments, regulations, rules and orders issued under that legislation or provision from time to time;
 - 1.2.3 a reference to these Rules means these Rules as amended from time to time and includes all recitals, annexures, addendums and schedules to these Rules;
 - 1.2.4 headings are inserted in these Rules for convenience only and do not affect the interpretation of these Rules;

- 1.2.5 a reference to writing includes electronic communications resulting in visible reproduction;
- 1.2.6 an expression referring to a natural person includes a company, trust, partnership, association, body corporate or public authority;
- 1.2.7 the singular includes the plural and vice versa;
- 1.2.8 a gender includes all genders;
- 1.2.9 a reference to the word 'include' or 'including' is to be construed without limitation;
- 1.2.10 references to time are to New Zealand time; and
- 1.2.11 references to dollars or \$ are references to New Zealand dollars unless stated otherwise.

Applicable Laws

- 1.3 These Rules, the offering and granting of any Options, the issuing and/or transferring of any Shares, and the rights attaching to or interests in the Options, will at all times be subject to all Applicable Laws.

Rounding

- 1.4 Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of an Option or a Share, the fraction will be eliminated by rounding down to the nearest whole number.

Constitution

- 1.5 The entitlements of Eligible Participants under these Rules are subject to any Constitution.
- 1.6 In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail to the extent of that inconsistency.

2 COMMENCEMENT

- 2.1 This Plan commences on the Effective Date determined by resolution of the Board.

3 MAXIMUM ALLOCATION

- 3.1 The total number of Shares that will be issued on exercise of the Options must not exceed 7% (2% in respect of the Build Phase ESOP period and 5% in respect of the Growth Phase ESOP period) of the share capital of the Company from time to time except to the extent

that a higher percentage results from an acquisition by the Company of its own Shares following the Options being granted.

- 3.2 The total number of Options that will be offered under the Plan in any 12-month period will not exceed Options over 5% or more of the Shares as at the start of the 12-month period.

4 OFFER TERMS

- 4.1 The Board may, in its sole and absolute discretion, make an offer to issue Options in the Company to Eligible Participants (**Offer**).
- 4.2 Each Offer must be on terms set by the Board and must specify:
- 4.2.1 the number of Options to be granted;
 - 4.2.2 the Grant Date;
 - 4.2.3 the Performance Hurdles (if any);
 - 4.2.4 the Vesting Conditions (if any);
 - 4.2.5 the Exercise Price;
 - 4.2.6 the Exercise Period;
 - 4.2.7 the Expiry Date and Term; and
 - 4.2.8 any additional Forfeiture Conditions (if any).
- 4.3 The Offer will be made in an offer letter substantially in the form attached as Schedule 1 to these Rules and must be accompanied by an acceptance form letter substantially in the form attached as Schedule 2 and a copy of these Rules.
- 4.4 Pro-forma Offers and a pro-forma acceptance form are attached as Schedules to these Rules, but no Offer is to be made unless the precise terms and conditions of that Offer and any related terms and conditions (including those applicable only to offerees in jurisdictions other than New Zealand) have been reviewed by relevant legal advisers to the Company.

Multiple Offers

- 4.5 Unless otherwise determined by the Board in its sole and absolute discretion, the Board may make any number of issues to Eligible Participants, as set out in any Offer, despite that an issue or issues may have been previously made to any Eligible Participant.

5 OPTION TERMS

Option entitlements

- 5.1 Subject to the Board determining otherwise prior to an Offer, each vested Option entitles the Participant holding the Option to subscribe for, or to be transferred, one Share on payment of the Exercise Price (if any).

Participant rights

- 5.2 A Participant who holds Options is not entitled to:

5.2.1 receive notice of, or to vote or attend at, a meeting of the Shareholders, or

5.2.2 receive any dividends declared by the Company,

unless and until the Options are exercised.

Conditions for vesting

- 5.3 The Board will determine prior to an Offer being made and, specify in the Offer, any Vesting Conditions and/or Performance Hurdles attaching to Options.
- 5.4 If any time-based Vesting Conditions attach to an Eligible Participant's Options, the time period in respect of those Vesting Conditions will commence on the Grant Date.
- 5.5 Options will only vest and be exercisable if any applicable Vesting Conditions and/or any Performance Hurdles have been satisfied, waived by the Board, or are deemed to have been satisfied under these Rules.

Liquidity Event

- 5.6 In the event of a Liquidity Event, all Options would become exercisable and any Vesting Conditions in respect of some or all Options held by a Participant will be deemed to be satisfied.

No transfer of Options

- 5.7 Options may not be assigned, Transferred, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless:
- 5.7.1 the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, Transfer, encumbrance or disposal as the Board sees fit; or
- 5.7.2 such assignment or Transfer occurs by force of law on the death of a Participant to the Participant's legal personal representative.

- 5.8 Any Transfer of Options (or Shares received on exercise of Options) must comply with any restrictions on Transfer under the Constitution.

Options to be recorded

- 5.9 Options will be recorded in the appropriate register of the Company.

6 ACCEPTANCE OF THE OFFER

- 6.1 A person to whom an Offer is made may accept the Offer by completing a written Acceptance Form and giving it to the Board by 5.00pm on the last day of the acceptance period specified in the Offer. On accepting the Offer the person becomes a Participant and becomes bound by the terms of the Offer, this Plan and the Constitution.

- 6.2 In accordance with the Company's reporting obligations under any tax legislation, each Participant consents to the disclosure of information about this Plan and its Participants to any relevant Tax Authority.

7 EMPLOYEE SHARE TRUST

- 7.1 The Board may, in its sole and absolute discretion, use an employee share trust or other mechanism for the purposes of holding legal title to the Shares for Participants under the Plan and delivering Shares to Participants on exercise of the Options.
- 7.2 The Board may, in its sole and absolute discretion, authorise the Company to provide loans to the employee share trust for the sole purpose of buying shares on behalf of Participants.

8 EXERCISE OF OPTIONS

Exercise Period for Options

- 8.1 The Exercise Period for Options will be three years from vesting for each tranche or as determined by the Board in its sole and absolute discretion.

Method of exercise

- 8.2 Following the satisfaction of any Vesting Conditions and any other applicable conditions attaching to Options, an Option is exercisable by the Participant within the Exercise Period specified by the Board in the Offer, subject to the Participant delivering to the Company's registered office or such other address as determined by the Board of:

- 8.2.1 a signed Notice of Exercise; and

- 8.2.2 payment in immediately available cleared funds by way of real time electronic direct bank transfer or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price (if any).
- 8.3 The Company may provide the Participant with a loan in order to satisfy the Exercise Price. Loans will be on normal commercial terms which will be set out in a separate loan agreement. If the loan is made, it will be for the sole purpose of enabling the Participant to purchase Shares. The loan will be fully repayable if the Participant leaves the Company or ceases to be the beneficial owner of the Shares.

Actions on exercise

- 8.4 On the exercise of Options:
- 8.4.1 the Options will automatically lapse; and
- 8.4.2 the Company will allot and issue, or transfer, the number of Shares to which the Participant is entitled to subscribe for or acquire through the exercise of the Options as soon as reasonably possible following the exercise of the Options and receipt of the Exercise Price.

9 LAPSE OF OPTIONS

Lapsing events

- 9.1 Unless the Board determines otherwise in its sole and absolute discretion, Options will lapse on the earlier of:
- 9.1.1 the cessation of employment or office of a Participant with the Company, if any Vesting Conditions attaching to the Options have not been satisfied by the time of cessation. The time of cessation of employment or office is to be the time as determined by the Board in its sole and absolute discretion;
- 9.1.2 where clause 10 applies;
- 9.1.3 if the Board determines in its reasonable opinion that any applicable Vesting Conditions have not been met and cannot be met prior to the Expiry Date;
- 9.1.4 for vested Options, the Expiry Date; or
- 9.1.5 for unvested Options, 5 years from the Grant Date.

What happens on lapsing

- 9.2 Where a Participant's Options have lapsed under clause 9.1, the Options will be cancelled and the Company will not be liable for any damages, compensation or other amounts to the Participant in respect of the Options.

10 FORFEITURE**Forfeiture Events**

- 10.1 The Board may determine prior to an Offer if any Forfeiture Conditions apply in respect of Options.

Where Forfeiture Occurs

- 10.2 Where Options are forfeited, the Company will be immediately entitled to cancel the Options and may:
- 10.2.1 arrange for the Participant's agent or attorney to sign any transfer or buy back documents required to transfer or otherwise deal with the Options; and
 - 10.2.2 not be liable for any damages, compensation or other amounts to the Participant in respect of the Options.

Forfeiture Conditions

- 10.3 In addition to the Forfeiture Conditions in the Offer (if any), where, in the reasonable opinion of the Board, a Participant:
- 10.3.1 acts fraudulently or dishonestly;
 - 10.3.2 commits any form of employment misconduct that is subject to disciplinary action resulting in the ending of the employment relationship;
 - 10.3.3 wilfully breaches his or her duties to the Group; or
 - 10.3.4 are otherwise a Bad Leaver;

then the Board may deem all Options, vested or unvested, held by the Participant to automatically be forfeited.

11 CANCELLATION**Options may be Cancelled if Participant consents**

- 11.1 Notwithstanding any other provisions of the Plan, if a Participant and the Board have agreed in writing that some or all of the Options granted to that Participant may be

Cancelled on a specified date or on the occurrence of a particular event, then the Board may Cancel those Options on the relevant date or on the occurrence of the particular event (as the case may be).

Cancellation of Options

- 11.2 Where the Options are to be Cancelled by the Company, the Company may do such things and direct updates to the Company's share registry, as it considers necessary to enforce any Cancellation and the relevant Participant will be bound by any action by the Company under this clause 11.2.

12 RIGHTS ATTACHING TO SHARES

Shares to rank equally

- 12.1 Subject to any provisions to the contrary in the Constitution, any Shares allotted, issued or transferred by the Company to a Participant under the Plan, following exercise of the Options, will rank equally with all existing Shares of the Company on and from the date of allotment, issue or transfer, including in respect of all rights and bonus issues and dividends that have a record date for determining entitlements on or after the date of allotment, issue or transfer of those Shares.

13 PARTICIPATION RIGHTS IN ISSUES AND REORGANISATIONS OF CAPITAL

Reorganisations

- 13.1 Subject to any Applicable Laws and the ASX Listing Rules, the number of Options held by a Participant under the Plan may, in the sole and absolute discretion of the Board, be determined to be such number as is appropriate and so that the Participant does not suffer any material detriment following any variation in the share capital of the Company arising from:
- 13.1.1 a reduction, subdivision or consolidation of share capital;
 - 13.1.2 a reorganisation of share capital;
 - 13.1.3 a distribution of assets in specie;
 - 13.1.4 the payment of a dividend, otherwise than in the ordinary course, of an amount substantially in excess of the Company's normal distribution policy; or
 - 13.1.5 any issue of Shares or other equity securities or instruments which convert into Shares by way of capitalisation of profits or reserves.

New Issues

- 13.3 Participants holding Options are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
- 13.3.1 they have become entitled to exercise their Options under the Plan; and
 - 13.3.2 they exercise their Options and receive Shares before the record date for the determination of entitlements to the new issue of securities and participate as a holder of Shares.

Pro rata issues

- 13.4 If the Company makes a pro rata issue of Shares (except a bonus issue) to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the pro rata issue, then:
- 13.4.1 in the case of an Option with an Exercise Price, the Exercise Price of the Option will be reduced according to the formula specified in the ASX Listing Rules at the time of the pro-rata issue, and there will be no change to the number of Shares to which the relevant Participant is entitled on exercise of the Option;
 - 13.4.2 in the case of an Option in respect of which no Exercise Price is payable on the exercise of the Option, the Board may determine, in its discretion, whether any adjustment will be made to the terms of the Option (including whether or not there will be any resulting increase in the number of Shares which the relevant Participant will be entitled on the exercise of the Option and the manner in which any such increase will be calculated).

Bonus issues

- 13.5 If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Option is exercisable will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option before such record date.

Notice of adjustments

- 13.6 Upon any adjustment being made pursuant to this clause, the Board will notify each Participant (or his or her legal personal representative where applicable) in writing, informing them of the number of Options held by the relevant Participant in accordance with ASX Listing Rule 16.2.

14 CONTRAVENTION OF APPLICABLE LAWS

- 14.1 No act will be done or determination made in accordance with these Rules where to do so would be a breach of any Applicable Laws or the ASX Listing Rules, and where any such act is done or determination made, it will be considered void and to the extent possible be unwound and of no effect in respect of Options and/or Shares.

15 ADMINISTRATION OF THE PLAN

Regulations

- 15.1 The Board may make such regulations for the operation of the Plan as it considers necessary, provided such regulations are consistent with these Rules.

Delegation

- 15.2 The Board may delegate any of its powers or discretions conferred on it by these Rules to a committee of the Board or to any one or more persons selected by it, including the Chief Executive Officer.
- 15.3 Any delegation will be for such period and on such terms and conditions as determined by the Board from time to time.

Decisions final

- 15.4 Every exercise of a discretion by the Board (or its delegates) and any decision by the Board (or its delegates) regarding the interpretation, effect or application of these Rules will be final, conclusive and binding.

Attorney and agent

- 15.5 Each Participant hereby authorises and appoints any Director at the relevant time (or their delegate) as their agent or attorney with power to do all things necessary in the name of and on behalf of the Participant to give effect to these Rules, but expressly excluding the power to exercise Options granted to the Participant under the Plan.
- 15.6 Each Participant agrees to indemnify and hold harmless any person acting as their agent or attorney in accordance with these Rules in respect of all costs, damages or losses of whatever nature arising from so acting, other than costs, damages or losses arising out of the agent's or the attorney's dishonesty, fraud or wilful breach of their duties.

Notice

- 15.7 Address for service:
- 15.7.1 Any notice required to be given to the Participants under the Plan or the terms of the Options granted will be sent to the address of the Participant as entered

in the Options register unless delivered in person or sent by email to the Participant.

- 15.7.2 Any notice required to be given to the Company under the Plan or the terms of the Options granted will be sent to the registered office of the Company or such other address as is notified to Participants from time to time.
- 15.8 Delivery of notices:
- 15.8.1 Any notice to be given to Participants may be delivered by hand or emailed to the Participant.
- 15.8.2 Any notice to be given to the Company may be delivered by hand, email or by prepaid post. Notices may also be given to the Company by means of email or other mode of electronic delivery to such address as is notified by the Company to the Participant.
- 15.8.3 Notices delivered to Participants in accordance with any Constitution will be taken to be delivered in accordance with that Constitution. Notices delivered to the Company by pre-paid post will be taken to be delivered if properly addressed and stamped, four days after mailing in New Zealand and seven days after mailing outside New Zealand. Notices delivered by email or other mode of electronic delivery will be taken to be delivered on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery.

16 PLAN AMENDMENT

Amendment of Plan

- 16.1 Subject to clause 16.2 and the Constitution, the Board may at any time amend these Rules and the terms and conditions upon which any Options have been issued under the Plan.
- 16.2 No amendment to these Rules or to Options may be made if the amendment materially reduces the rights of any Participant in respect of Options or Shares granted to them prior to the date of the amendment, other than:
- 16.2.1 an amendment introduced primarily:
- (a) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (b) to correct any manifest error or mistake;

- (c) to allow the implementation of a trust arrangement in relation to the holding of Shares granted under the Plan;
- (d) for the purpose of complying with the Applicable Laws or the ASX Listing Rules; and/or
- (e) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or

16.2.2 an amendment agreed to in writing by the Participant(s).

16.3 The Board may determine that any such amendment to these Rules or the terms of Options granted under the Plan be given retrospective effect.

16.4 Amendment of these Rules or the terms and conditions on which Options are granted under the Plan by the Board will be of immediate effect unless otherwise determined by the Board.

16.5 As soon as reasonably practicable after making any amendment to these Rules or the terms and conditions of Options granted under the Plan, the Board will give notice of the amendment to any Participant materially affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

Amendment by addendum

16.6 Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply in particular jurisdictions or circumstances by means of an addendum to these Rules.

17 TERMINATION OR SUSPENSION

Termination or suspension

17.1 Subject to clause 17.2, the Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit.

Resolution to terminate, suspend, supplement or amend

17.2 In passing a resolution to terminate or suspend the operation of the Plan, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

18 NO EMPLOYMENT CONTRACT

18.1 Nothing in these Rules or the terms of any Option:

18.1.1 confers upon an Eligible Participant a right to a grant or offer of a grant of Options;

18.1.2 confers on an Eligible Participant the right to continue as an employee or officer of a member of the Group (as the case may be);

18.1.3 affects the rights of a member of the Group to terminate the employment or office of an Eligible Participant (as the case may be);

18.1.4 affects the rights and obligations of any Eligible Participant under the terms of their office or employment with any member of the Group;

18.1.5 confers any legal or equitable right on an Eligible Participant whatsoever to take action against any member of the Group in respect of their office or employment; or

18.1.6 confers on an Eligible Participant any rights to compensation or damages in consequence of the termination of their employment or office by a member of the Group for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

19 FMCA EXCLUSIONS AND EXEMPTIONS

19.1 Despite any other provisions of the Plan, every covenant or other provisions set out in an exclusion under Schedule 1 of the FMCA (or any equivalent legislation that may apply in another jurisdiction to the extent relevant) or in an exemption or modification granted from time to time by the FMA (or equivalent authority that may operate in another jurisdiction to the extent relevant) in respect of the Plan or which applies to the Plan pursuant to its powers under the FMCA (or any equivalent legislation that may apply in another jurisdiction to the extent relevant) and required to be included in the Plan in order for that exclusion, exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this clause 19.1 to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

20 TAX

No tax advice

20.1 The Company has not provided any tax advice with respect to the Plan.

- 20.2 The Participant should obtain advice from an appropriate independent professional adviser with respect to the taxation implications of the grant, exercise, assignment, release, cancellation or any other disposal of any Option and on any subsequent sale or disposition of the Shares. The Participant should also take advice in respect of the taxation indemnity provision under clause 20.4 below.

New Zealand resident Participant

- 20.3 For a New Zealand resident Participant, to the extent that the Exercise Price of the Option is less than the market value of the Company's Shares at the date of exercise, the Participant will be liable for income tax on that difference. The Company will attempt in good faith to notify the Participant of the market value of the Company's Shares at the date of exercise in compliance with applicable tax law although there can be no certainty that the Tax Authority will agree with the valuation. If the Tax Authority does not agree and asserts the market value at the time of exercise is higher the Tax Authority could seek to impose additional tax on the Participant, including interest and penalties. The Company cannot provide any assurance in this regard, and the Participant is advised to consult with their own tax adviser with any questions.

Indemnity

- 20.4 To the extent permitted by law, the Participant must indemnify and keep indemnified the Company in respect of any liability or obligation of the Company to account for income tax, including PAYE or other deductions, to the extent arising from the grant, exercise, assignment, release, cancellation or any other disposal of any Option and on any subsequent sale or disposition of the Shares.

21 NON-EXCLUSIVITY

Non-exclusivity

- 21.1 This Plan will not be deemed to be the exclusive method of providing incentive compensation to Eligible Participants, nor will it preclude any member of the Group from authorising or approving other forms of incentive compensation for employees of any member of the Group.

Relationship to other equity plans

- 21.2 Participation in this Plan will not affect or be affected by any participation in any other incentive plan operated by any member of the Group, except as specifically provided in the terms of that other plan.

22 MISCELLANEOUS

Enforcement

- 22.1 These Rules, any determination of the Board made pursuant to the Rules, and the terms of any Option granted under the Plan, will be deemed to form a contract between the Company and the Participant. The Company may make any amendments to these Rules as required to ensure consistency between the Plan and the Listing Rules.

Governing law

- 22.2 This Plan and any Option granted under it will be governed by, and must be construed according to, the laws of New Zealand.
- 22.3 Participants submit to the non-exclusive jurisdiction of the New Zealand courts.

Listing Rules

- 22.4 The provisions of the ASX Listing Rules will apply to the Plan, and to the extent that the Plan and the ASX Listing Rules are inconsistent, the provisions of the ASX Listing Rules will apply.

Security trading policy

- 22.5 Any trading of the Shares acquired under the Plan is subject to the Company's security trading policy, which governs when the Company's staff may transfer Shares and deals with matters such as insider trading.

No fiduciary capacity

- 22.6 The Board may exercise any power or discretion conferred on it by these Rules in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

SCHEDULE 1**Pro-Forma Offer Letter - New Zealand Participant**

[ON COMPANY LETTERHEAD]

[DATE]

Participant

By email

Dear [NAME]

PRIVATE & CONFIDENTIAL**OFFER TO PARTICIPATE IN HAPPY VALLEY NUTRITION LIMITED'S EMPLOYEE SHARE OPTION PLAN – BUILD PHASE**

As you are aware, Happy Valley Nutrition Limited (**Happy Valley**) is establishing an employee share option plan (**Plan**).

As a key member of the Happy Valley management team, (subject to obtaining shareholder approval for the Plan), the board of directors of Happy Valley (**Board**) wishes to offer you the opportunity to participate in the Plan on the terms set out in this letter (**Offer**) and in accordance with the draft rules of the Plan as enclosed (**Rules**).

We also enclose a copy of the Happy Valley ESOP presentation deck previously presented to you.

To incentivise people important to the development prospects of Happy Valley, and to ensure the interests and motivations of such key persons are aligned with those of the shareholders of Happy Valley, the Board has elected to offer options to acquire shares to some key individuals.

The offer means such key persons will have an opportunity to be personally rewarded for developing the business of Happy Valley.

Please note this offer must be accepted before [DATE]. If you have any questions you should seek independent financial and tax advice.

You can also discuss this offer with me and/or Randolph.

Capitalised terms defined in the Rules have the same meaning in this Offer Letter.

Warning

This is an offer of options to acquire shares in Happy Valley. Shares give you a stake in the ownership of Happy Valley. You may receive a return on your shares if dividends are paid.

If Happy Valley runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share option plan. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent legal, financial and tax advice before committing yourself.

The shares in Happy Valley are quoted on the Official List of the Australian Securities Exchange (ASX). This means you may be able to sell them on the ASX if there are interested buyers. You may get less than you invested. The price will depend on the demand for the shares.

Continuous disclosure information available: *as an entity listed on the ASX, Happy Valley is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to participants in the ASX. Any such information disclosed will be available to the public and may be obtained from ASX through their website at www.asx.com.au.*

KEY TERMS OF THE OFFER

Please refer to the enclosed Happy Valley Nutrition Limited Employee Share Option Plan Rules for the terms and conditions applying to this offer. In line with clause 4 of the Rules please find following key terms of the offer.

Number of Options

Happy Valley is offering you the opportunity to acquire the following Options:

ESOP Build Phase	NUMBER OFFERED
Tranche 1 Options	[NUMBER]
Tranche 2 Options	[NUMBER]
Tranche 3 Options	[NUMBER]
Total	[NUMBER]

Grant Date

The Grant Date is to be the later of:

- 1 July 2020;
- the date on which Happy Valley receives the Acceptance Form from you; and
- the date on which any required shareholder approval is obtained.

Vesting Conditions

The Options to be issued are to be subject to the following Vesting Conditions.

VESTING CONDITION TYPE	CONDITION DESCRIPTION	
Performance Hurdles	Performance hurdle for Tranche 1	<p>Offtake:</p> <p>The vesting condition for Tranche 1 is entry into the <i>Strategic Shareholder and Offtake Agreement</i>, being a legally binding agreement (or agreements) between Happy Valley and a party or parties, including a disclosed agent, which provides for the security, placement or sale of product produced at the dairy milk processing plant at Otorohanga New Zealand (Plant).</p>
	Performance hurdle for Tranche 2	<p>Funding:</p> <p>The vesting condition for Tranche 2 is entry into the <i>Factory Financing Agreement</i>, being a legally binding agreement (or agreements) which provide for, broadly, the raising of debt and/or equity by Happy Valley or a subsidiary of Happy Valley of an amount that is sufficient to finance the design, build and commissioning of the Plant.</p>
	Performance hurdle for Tranche 3	<p>Production:</p> <p>The vesting condition for Tranche 3 is the entry into the <i>First Production Agreement</i>, being the first commercial order by an independent customer of product produced at the Plant following or as part of the Plant's commissioning.</p>

Liquidity Event

In the event of a Liquidity Event, all Options would become exercisable and any Vesting Conditions in respect of some or all Options held by a Participant will be deemed to be satisfied.

Cliff period

[1 year or Not applicable]

Forfeiture conditions

If you cease to be an employee of, or otherwise engaged by, Happy Valley your unvested Options will be forfeited. Vested Options must be exercised within 3 months of leaving, unless otherwise determined by the Board in its absolute discretion.

In addition, if you:

- act fraudulently or dishonestly;
- commit any form of employment misconduct that is subject to disciplinary action resulting in the ending of the employment relationship;
- wilfully breaches your duties to the Group; or
- are otherwise a Bad Leaver;

then all Options including vested Options held by you will automatically be forfeited.

Exercise Price

The Exercise Price of the Options is A\$0.25 per Option.

Exercise Period

Your vested Options will be exercisable during the month following the satisfaction of the Vesting Conditions and will cease to be exercisable after the Expiry Date.

Expiry Date

The Expiry Date of the Options is three years from vesting. Options that do not vest expire five years from the Grant Date.

Employee Loan

Happy Valley may provide you with a full recourse loan in order to pay the Exercise Price on exercise of the Options. The terms of the loan will be set out in a separate loan agreement. If the loan is made, it will be for the sole purpose of enabling you to purchase Shares. If you leave Happy Valley or cease to be the beneficial owner of the Shares, the outstanding balance of the loan will need to be repaid within 3 months of leaving or ceasing to be the beneficial owner of the Shares. If the loan is not repaid within 3 months, your Shares will be sold to repay the outstanding balance of the loan. If there remains a shortfall, you will be required to repay this. The Board in its absolute discretion may vary these requirements.

Other terms applicable to the Offer

The following are other key terms applicable to the Options offered to you:

- the Options may not be Transferred by you;
- you must not create any Security Interest or encumbrance in respect of the Options offered without the prior written consent of the Board;
- the Options are issued subject to the Rules and the Constitution.

Annual report and financial statements

You may obtain a copy of the Happy Valley's audited financial statements from the company's website or from the ASX website (<https://www.asx.com.au/asx/share-price-research/company/HVM>).

Financial and taxation consequences

This Offer Letter is not legal, financial or tax advice and you should be aware that acceptance of the Offer of Options may have taxation or other financial consequences for you.

In accordance with the law as at the date of this letter, the Plan results in a tax liability for you on the date the Options are exercised; the tax liability is calculated on the difference between the Exercise Price and the market value of the Shares on the date Options are exercised and the Shares are transferred to you. Tax can have significant consequences for investments. If you have any queries relating to the tax implications of the Offer or of exercising the Options, you should obtain professional advice on those implications.

Next steps

If you wish to accept the Offer and apply for Options, you must:

- complete, sign and date the enclosed Acceptance Form; and
- return the completed Acceptance Form to Happy Valley at 96 St Georges Bay Road, Parnell, Auckland 1052 or by email to randolph@vcfo.co.nz.

By delivering the attached Acceptance Form to Happy Valley, you agree to be bound by the Rules and the terms of this Offer as a Participant in the Plan, as well as giving the acknowledgments contained in the Acceptance Form.

Upon receipt of the Acceptance Form, provided you remain employed or engaged by Happy Valley at that time, Happy Valley will take steps to issue the Options to you.

This Offer must be accepted before [DATE] and will expire after that time. Please get in contact with me if you need more time to consider the Offer for any reason and we can discuss. The Company reserves the right to withdraw the Offer at any time before acceptance.

Once again, you are a very important member of the Happy Valley team and we look forward to your participation in the Plan.

Yours sincerely

Greg Wood
CEO, Happy Valley Milk Limited

Encl:
Acceptance form
Draft Plan Rules
Presentation Deck

SCHEDULE 2**Pro-Forma Offer Acceptance Form - New Zealand Participant****HAPPY VALLEY NUTRITION LIMITED - EMPLOYEE SHARE OPTION PLAN****ACCEPTANCE FORM****INSTRUCTIONS:**

When completing this form, please strike out language below that is not applicable

Please provide the original acceptance form to Happy Valley Nutrition Limited at 96 St Georges Bay Road, Parnell, Auckland 1052 or by email to randolph@vcfo.co.nz.

PERSONAL DETAILS

Name:.....

Address:.....

I accept the offer of Options offered to me pursuant to a Letter of Offer dated (**Offer Letter**) under the Happy Valley Nutrition Limited employee share option plan (**Plan**) in full/in respect of [NUMBER] Options.

Capitalised terms which are defined in the Rules have the same meaning in this acceptance form.

ACKNOWLEDGEMENT

By accepting the Offer and delivering this form to Happy Valley Nutrition Limited, I agree and acknowledge:

1. the Options are issued pursuant to the Plan and the Rules and I agree to be bound by the Rules and the terms of the Offer as a Participant in the Plan;
2. participation in the Plan does not create a right to employment or interfere with the ability to terminate my employment or service relationship (if any), subject to applicable law;
3. the future value of the Options and any Shares is uncertain, and the value may increase or decrease in value from time to time;
4. the offer of Options in the Offer Letter has been made as part of my remuneration arrangements or otherwise in connection with my employment or engagement with Happy Valley Nutrition Limited;
5. no claim or entitlement to compensation or damages shall arise from forfeiture of Options under the Plan resulting from my service to the Group coming to an end for any reason;

6. the ultimate liability for all taxes payable in respect of my participation in the Plan and the acquisition and disposal of Options and Shares is and remains my responsibility;
7. if it becomes necessary for Happy Valley Nutrition Limited (or an Affiliate) to withhold tax from any dividends, sales proceeds or amount payable to me under the Plan, I agree the Company can withhold and pay such tax to the relevant Tax Authority;
8. Happy Valley Nutrition Limited may be required by law to provide information about me to Tax authorities and I will allow Happy Valley Nutrition Limited to provide such information;
9. the Offer Letter provided to me is not legal, financial or tax advice and I have been advised to consult an independent legal investment and taxation advisor prior to accepting Options if I have any concerns; and
10. I hereby authorise and appoint any Director or any company secretary holding office at the relevant time (or their delegate) as their agent or attorney with power to do all things necessary in my name and on my behalf to give effect to these Rules, but expressly excluding the power to exercise Options granted to me under the Plan.

THIS ACCEPTANCE FORM IS HEREBY EXECUTED BY:

.....
Signature

.....
Date

.....
Address