

Management and Consultant Option Scheme

Diablo Resources Limited (ASX: DBO) (“Diablo” or “the Company”) has resolved to issue 2,550,000 options to management and consultants of the Company to incentivise them for the future development and success of the Company’s projects.

Given the Company has recently listed on the ASX and the projects will be actively explored in the next 12 to 24 months, an incentive at this time is believed to be appropriate.

The options are exercisable at \$0.25 each and expire on 10 February 2026. The Board approved the issue of these options on 10 February 2022 and the closing price on the day was \$0.135 which represents an 85% premium to the option exercise price. The material terms and conditions of the options issued are attached to this announcement.

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This announcement has been authorised for release by the Board.

For and on behalf of the Board

Shaun Menezes
Company Secretary

About Diablo Resources Limited

Diablo is an Australian registered, USA-focused metals exploration and development company. The mineral assets of Diablo and its 100% owned subsidiaries comprise the Devil’s Canyon Au-Cu-Ag Project located in Nevada, the Western Desert Project Au-Cu-Ag located in Utah and the Lone Pine Gold Project located in Idaho, all within the USA (Fig. 1).





Figure 1 – Diablo Resources, United States of America (USA) project portfolio, located in the mining friendly states of Utah, Nevada and Idaho.

All three project areas have mineralisation at surface that require further exploration. Some prospect areas within the project areas appear to have only been lightly drilled or never been drill tested and present as priority targets.

The Company recently listed on the ASX and is well funded to progress its project portfolio through systematic and focussed exploration. The Company has an in-country management team with expertise in all aspects of exploration activities in the Western USA.



Schedule 1 Terms and conditions of Options

The following terms and conditions apply to each of the Options:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Issue Price):** The Options were issued for nil cash consideration.
- (c) **(Exercise Price):** The Options have an exercise price of \$0.25 each (**Exercise Price**).
- (d) **(Expiry Date):** Each Option will expire at 5:00pm (WST) on the date that is 4-years after the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) **(Quotation of the Options):** The Options will be unquoted.
- (g) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company.
- (h) **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (i) **(Timing of issue of Shares and quotation of Shares on exercise):** As soon as practicable after the valid exercise of an Option the Company will:
 - (i) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
 - (ii) issue a substitute certificate for any remaining unexercised Options held by the holder;
 - (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of the Options will upon issue rank equally in all respects with the then issued Shares.

- (j) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (k) **(Dividend and voting rights):** The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (l) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.
- (m) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (n) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (o) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (p) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.