



## TRANCHE 1 CONSIDERATION OPTION TERMS

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) The exercise price of each Option is 5 cents (\$0.05) per share subscribed for on exercise of each Option.
- c) Each Option will expire 18 months from the date of issue ("Option Expiry Date"). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- d) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects *pari passu* with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- e) A registered owner of an Option ("Option Holder") will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- f) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being an amount of \$0.05 per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- g) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- h) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- i) Subject to the Corporations Law, the Listing Rules and the Constitution of the Company, the Options are freely transferable and will only be quoted on ASX if a sufficient spread of option holders exists in compliance with the ASX Listing Rules.
- j) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the following formula:

$$O' = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying shares into which one Option is exercisable.
- P = the average market price per share (weighed by reference to volume) of the underlying shares to which the Option Holder is entitled.
- S = the subscription price for a share under the pro rata issue.
- D = any dividend due but not yet paid on the existing underlying share (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

No change will be made pursuant to the application of the above formula to the number of shares to which the Option Holder is entitled.

If the Company is listed upon ASX, the reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provision of the Listing Rules of ASX.

If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.

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## TRANCHE 2 CONSIDERATION OPTION TERMS

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) The exercise price of each Option is 5 cents (\$0.05) per share subscribed for on exercise of each Option.
- c) Each Option will expire 24 months from the date of issue ("Option Expiry Date"). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- d) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects *pari passu* with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- e) A registered owner of an Option ("Option Holder") will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- f) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being an amount of \$0.05 per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- g) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- h) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- i) Subject to the Corporations Law, the Listing Rules and the Constitution of the Company, the Options are freely transferable and will only be quoted on ASX if a sufficient spread of option holders exists in compliance with the ASX Listing Rules.
- j) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the following formula:

$$O' = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying shares into which one Option is exercisable.
- P = the average market price per share (weighed by reference to volume) of the underlying shares to which the Option Holder is entitled.
- S = the subscription price for a share under the pro rata issue.
- D = any dividend due but not yet paid on the existing underlying share (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

No change will be made pursuant to the application of the above formula to the number of shares to which the Option Holder is entitled.

If the Company is listed upon ASX, the reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provision of the Listing Rules of ASX.

If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.