

Rights attaching to the KTM Options

The terms and conditions of the 5,426,405 unlisted options issued to KTM Capital Pty Limited (ACN 086 281 950) are as follows:

Subject to Listing Rules

The rights of the option holder are subject to and can be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

Transfer/Transmission

An Option may be transferred or transmitted in any manner approved by ASX.

Exercise

An Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options, signed by the registered holder of the Option, together with payment to the Company of \$0.58 per Option being exercised and the relevant option certificate.

An Option may be exercised on any business day from the date of grant to 31 August 2019, (inclusive) but not thereafter.

A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend Entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other issued Shares of the Company on and from issue.

Participating rights

For determining entitlements to the issue, an Option holder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date. The Company must give at least 6 Business Days' notice to Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.

If between the date of issue and the date of exercise of an Option the Company makes 1 or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

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

where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying Shares into which one Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

Reconstructions and Alteration of Capital

Any adjustment to the number of outstanding Options and the exercise price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

ASX Listing

The Company must make application for quotation of Shares issued on exercise of the Options on ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.