

## TERMS OF OPTIONS

### 1. Interpretation

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- 1.1. Words and expressions defined in the Convertible Note Subscription Agreement entered into between OMI Holdings Limited and **[Insert]** (*the Agreement*) have the same meaning in these Conditions, unless the context otherwise requires.
- 1.1. In addition, in these Conditions, unless the context otherwise requires:
- (a) *Board* means the board of directors of the Company;
  - (b) *Business Day* means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
  - (c) *Official List* has the meaning given to that term in the Listing Rules;
  - (d) *Option* and *Options* means the options to be issued to the Optionholder on the terms detailed in these Terms of Options;
  - (e) *Optionholder* means the holder of an Option issued pursuant these Terms of Options;
  - (f) *Quotation* has the meaning given to that term in the ASX Listing Rules;

### 2. Terms of Options

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#### 2.1. Entitlement

- (a) Each Option entitles the Optionholder to subscribe for, and be allotted, one Ordinary Share.
- (b) Ordinary Shares issued on the exercise of Options will rank equally with all existing Ordinary Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

#### 2.2. Exercise of Option

- (a) The Options may be exercised during the period commencing on the date of issue of the Options until the date specified in paragraph 2.2(b).
- (b) The final date and time for exercise of the Options is 5pm Australian Eastern Standard Time on the two year anniversary date of the Company's Shares being

re-admitted to Quotation following the date of issue of the Convertible Notes. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.

- (c) The exercise price of each Option is \$0.052.
- (d) Each Option is exercisable by the Optionholder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's share registry.
- (e) Remittances must be made payable to 'OMI Holdings Limited' and cheques should be crossed 'Not Negotiable'.
- (f) In the event of liquidation of the Company, all unexercised Options will lapse.

### 2.3. Quotation

- (a) The Company will not apply to the ASX for official quotation of the Options.
- (b) If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 business days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

### 2.4. Participation in Securities Issues

Subject to paragraph 2.5 below, the Optionholder is not entitled to participate in new issues of securities without exercising the Options.

### 2.5. Participation in a Reorganisation of Capital

- (a) In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on shareholders of the Company.
- (b) In any reorganisation as referred to in paragraph 2.5(a), Options will be treated in the following manner:

- (i) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (ii) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (iii) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (iv) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (v) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (vi) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders.

## 2.6. Adjustments to Options and Exercise Price

- (a) Adjustments to the number of Ordinary Shares over which Options exist and/or the exercise price may be made as described in paragraph 2.6(b) to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- (b) The method of adjustment for the purpose of paragraph 2.6(a) shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:
  - (i) Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

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

where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities into which one Option is Exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro-rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

#### (ii) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Ordinary Shares received will include the number of bonus Ordinary Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

### 2.7. Takeovers and Schemes of Arrangement

- (a) If during the currency of any Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Ordinary Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the

Optionholder of the offer and from the date of such notification, the Optionholder has 60 days within which to exercise the Options notwithstanding any other terms and conditions applicable to the Options or arrangement. If the Options are not exercised within 60 days after notification of the offer, the Options may be exercised at any other time according to their terms of issue.

- (b) If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Optionholder will be entitled to exercise Options held by him/her within the period notified by the Company.

## 2.8. Transfers permitted

The Options are transferable.

## 2.9. Notices

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

## 2.10. Rights to Accounts

The Optionholder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.