

NAOS Absolute Opportunities Company Limited
(A.B.N. 49 169 448 837)
(Company)

Option Terms

The terms and conditions of the Options to be issued pursuant to the Prospectus issued by the Company dated on or around 7 November 2014 are as follows:

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 the 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 \$1.00 per Option being exercised and the relevant option certificate.

An Option may be exercised on any business day from the date of grant to 30 November 2016, (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 7 Business Days after their date of issue and are entitled to dividends paid on and from this date.

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 the 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 reorganisation 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 the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

Schedule

Notice of Exercise

To exercise an Option, the Option holder must complete the Notice of Exercise set out below and forward it with payment of the exercise price for each Option exercised, to the Company. Cheques should be made payable to NAOS Absolute Opportunities Company Limited and crossed "Not Negotiable". Shares will be issued and allotted on the basis of the Notice of Exercise within the time permitted by the Listing Rules of the ASX Limited.

NOTICE OF EXERCISE

To: **NAOS Absolute Opportunities Company Limited (A.B.N. 49 169 448 837) (Company)**

I/We

Of

SRN/HIN.....

being the registered holder/s of (number) Options each to acquire a Share in the Company at a price of \$1.00 per Share payable in full on the exercise date, HEREBY GIVE NOTICE OF THE EXERCISE of (number) Options and attach my/our cheque in the sum of along with the relevant option certificate(s).

I/We authorise you to register me/us as the holders of the Shares to be allotted to me/us and agree to be bound by the Constitution of the Company.

Signed

Dated

This notice may be signed as follows:

- If the holding is held in the name of one person (individual holding), that person must sign.
- If the holding is held by more than one person (jointly) each joint holder must sign.
- If you are signing as an Attorney, then the Power of Attorney must have either been noted by the registry or be duly stamped and accompany this form.
- If the holding is held by a company, please sign in the authorised manner, stating the office held by the signatory/signatories.

THIS NOTICE OF EXERCISE OF OPTIONS, WITH THE APPROPRIATE REMITTANCE AND THE RELEVANT OPTION CERTIFICATE(S), SHOULD BE LODGED WITH THE COMPANY:

**LEVEL 4, DOMAIN HOUSE
139 MACQUARIE STREET
SYDNEY NSW 2000**