

8 July 2016

Company Announcements Office
Australian Securities Exchange

NEW ISSUE OF SECURITIES - CLEANSING NOTICE AND APPENDIX 3B Including Voluntary Escrow Share Disclosure

Kingston Resources Limited (the Company) has today issued the following securities (the Securities) to be quoted on ASX:

1. 286,190,476 ordinary fully paid shares (Shares) at an issue price of \$0.021 per Share to raise \$6.01M (before costs) pursuant to a placement to sophisticated investors managed by Bell Potter; and
2. 165,000,000 Shares at a deemed issue price of \$0.021 per Share as part consideration to Vendors under the binding term sheet for the acquisition of interests in a portfolio of lithium-prospective tenements in WA and NT, effected by the acquisition of all the shares in Slipstream WANT Pty Ltd (Consideration Shares).

The Company advises that 82,500,000 of the Consideration Shares are subject to **voluntary escrow for 12 months** and will be released from escrow on 8 July 2017.

The Company gives the following cleansing notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (the Corporations Act) that:

1. the Securities were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
2. as at the date of this notice, the Company has complied with;
 - 2.1 the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - 2.2 section 674 of the Corporations Act; and
3. as at the date of this notice, there is no information to be disclosed which is 'excluded information', as defined in sections 708A(7) or 708A(8) of the Corporations Act.

Unquoted Options and Performance Rights

The Company also advises that it has issued the following unquoted Options and Performance Rights to Company Directors, executives and consultants pursuant to shareholder approval granted at the EGM held on 4 July 2016:

1. 11,000,000 Short Term Incentive Options exercisable at \$0.04 (4 cents) each and expiring on 30 June 2018.
2. 11,000,000 Long Term Incentive Options exercisable at \$0.07 (7 cents) each and expiring on 30 June 2019.
3. 24,000,000 Performance Rights that will vest upon the satisfaction of the following Vesting Conditions:
 - (a) 12,000,000 upon the announcement to ASX by the Company of a 5 million tonne JORC Compliant inferred Mineral Resource (or greater) of Li_2O of at least 1%; and
 - (b) 12,000,000 upon the announcement to ASX by the Company of a 15 million tonne JORC Compliant inferred Mineral Resource (or greater) of Li_2O of at least 1%.

All Performance Rights that have not vested by 30 June 2019 will automatically lapse and be forfeited.

The Company notes that Schedules 3 and 4 of the Notice of EGM dated 2 June 2016 contained a typographical error whereby the expiry dates for the Short Term Incentive Options and the Long Term Incentive Options were incorrectly stated as being 30 July 2018 and 30 July 2019 respectively. Those dates should have been stated as 30 June 2018 and 30 June 2019. The Board advises that in accordance with its discretion under the LTI Plan approved at the EGM, it has issued the Options with 30 June expiry dates as described above.

An Appendix 3B new issue announcement is attached.

Yours Sincerely
KINGSTON RESOURCES LIMITED

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

KINGSTON RESOURCES LIMITED

ABN

44 009 148 529

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | <ul style="list-style-type: none">(1) Fully paid ordinary shares (Shares)(2) Unquoted Short Term Incentive Options (STI Options)(3) Unquoted Long Term Incentive Options (LTI Options) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <ul style="list-style-type: none">(1) 451,190,476 Shares(2) 11,000,000 STI Options(3) 11,000,000 LTI Options |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none">(1) Same as existing KSN Shares(2) Unquoted STI Options exercisable @ \$0.04 each on or before 30 June 2018(3) Unquoted LTI Options exercisable @ \$0.07 each on or before 30 June 2019 <p><i>(Refer to Schedule 1, 2 for Terms and Conditions of STI and LTI Options.)</i></p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<p>(1) Yes*</p> <p>(2) No – upon exercise of the Options into fully paid shares they will rank equally with KSN Shares.</p> <p>(3) No – upon exercise of the Options into fully paid shares they will rank equally with KSN Shares.</p> <p>*82,500,000 are subject to voluntary escrow for 12 months and will be released from escrow on 8 July 2017</p>
<p>5 Issue price or consideration</p>	<p>(1) 286,190,476 Shares issued at \$0.021 per Share</p> <p>(1) 165,000,000 Shares at a deemed issue price of \$0.021 per Share</p> <p>(2) Nil</p> <p>(3) Nil</p>

⁺ See chapter 19 for defined terms.

6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(1) 286,190,476 Shares issued to sophisticated investors pursuant to Tranche 2 Placement*.</p> <p>(1) 165,000,000 Shares issued to Vendors as part consideration pursuant to the binding heads of agreement dated 10/05/2016 for the sale and purchase Slipstream WANT Pty Ltd which holds contractual rights to tenement applications prospective for Lithium (Acquisition Agreement)*</p> <p>(2) 11,000,000 Unquoted STI Options pursuant to service and appointment agreements of: Mr Corbett- Managing Director 5 million*; Mr Wehby- Chairman 2 million*; and Mr Paterson- Geologist 4 million.</p> <p>(3) 11,000,000 Unquoted LTI Options pursuant to service and appointment agreements of: Mr Corbett- Managing Director 5 million*; Mr Wehby- Chairman 2 million*; and Mr Paterson Geologist 4 million*.</p> <p>(* Approved at General Meeting of shareholders held 4 July 2016)</p>
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes.</p>
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	<p>20 November 2015</p>
6c	<p>Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>(2) 4,000,000 Unquoted STI Options</p>
6d	<p>Number of ⁺securities issued without security holder approval under rule 7.1A</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	(1) 451,190,476 Shares* (2) 7,000,000 Unquoted STI Options* (3) 11,000,000 Unquoted LTI Options* (* Approved at General Meeting of shareholders held 4 July 2016)	
6f	Number of securities issued under an exception in rule 7.2	(3) 4,000,000 Unquoted LTI Options issued under LR7.2 Exception 9	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1: 95,040,498 Rule 7.1A: 66,026,999	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	8 July 2016	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number Ordinary Shares 660,269,985	+Class KSN

⁺ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td><i>Existing</i> 7,058,823 (Expire 30/6/2019, EX 3c) <i>Newly Issued</i> (2) 11,000,000 (Expire 30/06/2018, Ex 4c) (3) 11,000,000 (Expire 30/06/2019, EX 7c)</td><td>KSNA</td></tr></table>	Number	⁺ Class	<i>Existing</i> 7,058,823 (Expire 30/6/2019, EX 3c) <i>Newly Issued</i> (2) 11,000,000 (Expire 30/06/2018, Ex 4c) (3) 11,000,000 (Expire 30/06/2019, EX 7c)	KSNA
Number	⁺ Class					
<i>Existing</i> 7,058,823 (Expire 30/6/2019, EX 3c) <i>Newly Issued</i> (2) 11,000,000 (Expire 30/06/2018, Ex 4c) (3) 11,000,000 (Expire 30/06/2019, EX 7c)	KSNA					
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A				

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A

⁺ See chapter 19 for defined terms.

33 ⁺Despatch date

N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

To be provided.

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

To be provided.

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	N/A	
39	Class of +securities for which quotation is sought	N/A	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A	
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 8/07/2016
(Company secretary)

Print name: Mathew Whyte

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	145,944,745
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	514,325,240
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	N/A
“A”	660,269,985

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	99,040,498
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	4,000,000 (Unquoted STI Options)
“C”	4,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	99,040,498
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	4,000,000
Total [“A” x 0.15] – “C”	95,040,498 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	660,269,985
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	66,026,999
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	N/A
“E”	N/A

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	66,026,999
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	66,026,999 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

Attachments:

Schedule 1 – Terms and Conditions of Short Term Incentive Options

Schedule 2 – Terms and Conditions of Long Term Incentive Options

+ See chapter 19 for defined terms.

SCHEDULE 1**TERMS AND CONDITIONS OF SHORT TERM INCENTIVE OPTIONS**

1. Each Short Term Incentive Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary share in the Company.
2. No amount is payable on grant of the Short Term Incentive Options.
3. The exercise price of the Short Term Incentive Options is 4 cents each, and will be payable in full on exercise.
4. Each Short Term Incentive Option may be exercised at any time before 5.00pm (WST) on 30 June 2018 (**Expiry Date**). Any Short Term Incentive Option not exercised by the Expiry Date will automatically expire.
5. No certificate will be issued for the Short Term Incentive Options.
6. An Option Holder may not, except with the approval of the Board (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Short Term Incentive Options. The approval of the Board may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied, including without limitation a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by these terms of Short Term Incentive Options.
7. An instrument of transfer of an Short Term Incentive Option must be:
 - (a) in writing;
 - (b) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - (c) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - (d) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Short Term Incentive Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Short Term Incentive Options, the right of the transferor to transfer those Short Term Incentive Options and the proper execution of the instrument of transfer.
8. The Short Term Incentive Options will not be listed for quotation on any stock exchange including the ASX.

9. If the Company is admitted to the Official List of the ASX, the Company will apply for Official Quotation of all Shares allotted pursuant to an exercise of the Short Term Incentive Options in accordance with the Listing Rules.
10. The Short Term Incentive Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Short Term Incentive Options.
11. There will be no participating entitlements inherent in the Short Term Incentive Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Short Term Incentive Option. If the Company is admitted to the ASX, Option Holders will be notified by the Company prior to any new pro-rata issue of securities to Shareholders in accordance with the Listing Rules.
12. In the event of a bonus issue of securities, the number of Shares over which the Short Term Incentive Options are exercisable may be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.
13. If the Company is admitted to the ASX, in the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules.
14. There is no right to a change in the exercise price of the Short Term Incentive Options or to the number of Shares over which the Short Term Incentive Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the Short Term Incentive Options.
15. The Company will notify each Option Holder and if required by the Listing Rules, ASX, within one month after the record date for a bonus issue or a pro rata issue of the adjustment to the number of Shares over which a Short Term Incentive Option exists.
16. Short Term Incentive Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Short Term Incentive Options held by the Option Holder accompanied by an Option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified Short Term Incentive Options. An exercise of only some of the Short Term Incentive Options will not affect the rights of the Option Holder to the balance of the Short Term Incentive Options held by him.
17. Short Term Incentive Options will be deemed to have been exercised on the date the exercise notice is received by the Company.

18. The Company will allot the resultant Shares and deliver the holding statement within five business days after the exercise of the Short Term Incentive Option.
19. Shares allotted pursuant to an exercise of Short Term Incentive Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company. For the avoidance of doubt, subject to the application of the Listing Rules, all Shares allotted pursuant to an exercise of Short Term Incentive Options will be transferrable.
20. The Short Term Incentive Options proposed to be issued to Mr Andrew Corbett will automatically lapse and be forfeited if Mr Corbett voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or if he is dismissed from employment for a material breach of his contract of employment, gross negligence or other conduct justifying termination without notice. The Short Term Incentive Options proposed to be issued to Mr Corbett will not lapse and be forfeited if Mr Corbett ceases employment due to death, permanent disablement, or any other circumstance in which the Board determines the Short Term Incentive Options should not lapse and be forfeited.
21. The Short Term Incentive Options proposed to be issued to Mr Anthony Wehby will automatically lapse and be forfeited if Mr Wehby voluntarily resigns as a Director or if he is removed as a Director by resolution of Shareholders. The Short Term Incentive Options proposed to be issued to Mr Wehby will not lapse if Mr Wehby ceases to be a Director due to death, permanent disablement, or any other circumstance in which the Board determines the Short Term Incentive Options should not lapse and be forfeited.
22. The Short Term Incentive Options proposed to be issued to Mr Andrew Paterson or his nominee, being Dampier Consulting Pty Ltd, will automatically lapse and be forfeited if any agreement for the provision of services to the Company between Dampier Consulting Pty Ltd, Mr Andrew Paterson and the Company (**Consultant Agreement**) is terminated:
 - A. by Dampier Consulting Pty Ltd, unless Mr Andrew Paterson takes up employment within the Group;
 - B. by the Company, on the basis that Mr Andrew Paterson has committed a material breach of the Consultant Agreement; or
 - C. by the Company, on the basis that Mr Andrew Paterson committed a material breach of the Consultant Agreement or was guilty of gross negligence or other conduct justifying termination without notice.

The Short Term Incentive Options will not lapse and be forfeited if the obligations of Dampier Consulting Pty Ltd or Mr Andrew Paterson under the Consultant Agreement

cannot be fulfilled by Dampier Consulting Pty Ltd due to the death or permanent disablement of Mr Andrew Paterson, or in any other circumstance in which the Board determines the Short Term Incentive Options should not lapse and be forfeited.

23. These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the jurisdiction of the courts of Western Australia.

SCHEDULE 2

TERMS AND CONDITIONS OF LONG TERM INCENTIVE OPTIONS

1. Mr Andrew Corbett, Mr Anthony Wehby & Mr Andrew Paterson (**Recipients**) have been offered Long Term Incentive Options pursuant to the LTI Plan (**Option Offers**).
2. The Option Offers have been made pursuant to the terms and conditions of the Rules of the LTI Plan (**LTI Plan Rules**) and the terms of the Option Offers must be read in conjunction with the LTI Plan Rules. The Long Term Incentive Options will be governed by the LTI Plan Rules and the terms of the Option Offers.
3. To the extent of any inconsistency between the terms of the Option Offers and the LTI Plan Rules, the terms of the Option Offers will prevail.
4. Mr Corbett is to be issued 5,000,000 Long Term Incentive Options, Mr Wehby is to be issued 2,000,000 Long Term Incentive Options and Mr Paterson is to be issued 4,000,000 Long Term Incentive Options.
5. Each Long Term Incentive Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary share in the Company.
6. No amount is payable on grant of the Long Term Incentive Options.
7. The exercise price of the Long Term Incentive Options is 7 cents each, and will be payable in full on exercise.
8. Each Long Term Incentive Option may be exercised at any time before 5.00pm (WST) on 30 June 2019 (**Expiry Date**). Any Long Term Incentive Option not exercised by the Expiry Date will automatically expire.
9. No certificate will be issued for the Long Term Incentive Options.
10. An Option Holder may not, except with the approval of the Board (in its sole and absolute discretion), sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Long Term Incentive Options. The approval of the Board may be given subject to satisfaction of certain conditions in which event such approval will be deemed not to occur until any such conditions have been satisfied, including without limitation a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by these terms of Long Term Incentive Options.
11. An instrument of transfer of an Long Term Incentive Option must be:
 - (a) in writing;

- (b) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - (c) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - (d) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Long Term Incentive Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Long Term Incentive Options, the right of the transferor to transfer those Long Term Incentive Options and the proper execution of the instrument of transfer.
- 12. The Long Term Incentive Options proposed to be issued to Mr Andrew Corbett will automatically lapse and be forfeited if Mr Corbett voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or if he is dismissed from employment for a material breach of his contract of employment, gross negligence or other conduct justifying termination without notice. The Long Term Incentive Options proposed to be issued to Mr Corbett will not lapse and be forfeited if Mr Corbett ceases employment due to death, permanent disablement, or any other circumstance in which the Board determines the Long Term Incentive Options should not lapse and be forfeited.
- 13. The Long Term Incentive Options proposed to be issued to Mr Anthony Wehby will automatically lapse and be forfeited if Mr Wehby voluntarily resigns as a Director or if he is removed as a Director by resolution of Shareholders. The Long Term Incentive Options proposed to be issued to Mr Wehby will not lapse if Mr Wehby ceases to be a Director due to death, permanent disablement, or any other circumstance in which the Board determines the Long Term Incentive Options should not lapse and be forfeited.
- 14. The Long Term Incentive Options proposed to be issued to Mr Andrew Paterson or his nominee, being Dampier Consulting Pty Ltd, will automatically lapse and be forfeited if any agreement for the provision of services to the Company between Dampier Consulting Pty Ltd, Mr Andrew Paterson and the Company (**Consultant Agreement**) is terminated:
 - A. by Dampier Consulting Pty Ltd, unless Mr Andrew Paterson takes up employment within the Group;
 - B. by the Company, on the basis that Mr Andrew Paterson has committed a material breach of the Consultant Agreement; or

- C. by the Company, on the basis that Mr Andrew Paterson has committed a material breach of the Consultant Agreement or was guilty of gross negligence or other conduct justifying termination without notice.

The Long Term Incentive Options will not lapse and be forfeited if the obligations of Dampier Consulting Pty Ltd or Mr Andrew Paterson under the Consultant Agreement cannot be fulfilled by Dampier Consulting Pty Ltd due to the death or permanent disablement of Mr Andrew Paterson, or in any other circumstance in which the Board determines the Long Term Incentive Options should not lapse and be forfeited.

15. The Long Term Incentive Options will not be listed for quotation on any stock exchange including the ASX.
16. If the Company is admitted to the Official List of the ASX, the Company will apply for Official Quotation of all Shares allotted pursuant to an exercise of the Long Term Incentive Options in accordance with the Listing Rules.
17. The Long Term Incentive Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Long Term Incentive Options.
18. There will be no participating entitlements inherent in the Long Term Incentive Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Long Term Incentive Option. If the Company is admitted to the ASX, Option Holders will be notified by the Company prior to any new pro-rata issue of securities to Shareholders in accordance with the Listing Rules.
19. In the event of a bonus issue of securities, the number of Shares over which the Long Term Incentive Options are exercisable may be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.
20. If the Company is admitted to the ASX, in the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules.
21. There is no right to a change in the exercise price of the Long Term Incentive Options or to the number of Shares over which the Long Term Incentive Options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the Long Term Incentive Options.

22. The Company will notify each Option Holder and if required by the Listing Rules, ASX, within one month after the record date for a bonus issue or a pro rata issue of the adjustment to the number of Shares over which a Long Term Incentive Option exists.
23. Long Term Incentive Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Long Term Incentive Options held by the Option Holder accompanied by a cheque made payable to the Company for the subscription price for the exercise of the specified Long Term Incentive Options. An exercise of only some of the Long Term Incentive Options will not affect the rights of the Option Holder to the balance of the Long Term Incentive Options held by him.
24. Long Term Incentive Options will be deemed to have been exercised on the date the exercise notice is received by the Company.
25. The Company will allot the resultant Shares and deliver the holding statement within five business days after the exercise of the Long Term Incentive Option.
26. Shares allotted pursuant to an exercise of Long Term Incentive Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company. For the avoidance of doubt, subject to the application of the Listing Rules, all Shares allotted pursuant to an exercise of Long Term Incentive Options will be transferrable.
27. These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the jurisdiction of the courts of Western Australia.
28. The grant of the Long Term Incentive Options is subject to the approval of the LTI Plan by Shareholders at the Meeting.