
Terms and conditions of Options

The material terms of the Options are set out below:

- The Options are to be issued for no cash consideration.
- The exercise price of each Option is \$0.30 (**Exercise Price**).
- The Options will expiry 3 years from the date of issue (**Expiry Date**):
- The Options may be exercised wholly or in part by notice in writing to the Company received at any time on or before the Expiry Date together with payment of the Exercise Price per Option of the Option multiplied by the number of Shares in respect of which Options are being exercised. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other method of payment approved by the Board.
- The Options are transferable in whole or in part and may not be exercised by any other person (except, in the case of the Option holder's death, by his or her legal personal representative).
- Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares.
- Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the ASX Listing Rules (where applicable), provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Options, in accordance with those requirements of the ASX Listing Rules.
- Option holders do not participate in dividends or in bonus issues unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Options, the exercise price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules (where applicable), but with the intention that such reconstruction will not result in any benefits being conferred on the Option holder which are not conferred on Shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Company approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- If there is a bonus issue to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the bonus issue.
- If, during the life of any Option, there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

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

$$N + 1$$

where

O^1 = 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 five (5) trading days ending on the day before the ex right date or the ex entitlements date

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

D = the dividend due but not yet paid on 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

- The terms of the Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, unless all necessary waivers of the ASX Listing Rules are obtained (if applicable), the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
- If the Company becomes listed on the ASX, the Company does not intend to apply for listing of the Options on the ASX.
- In the event that the Company is listed on the ASX at the time of the exercise of any Options, the Company shall apply for listing of the resultant shares of the Company issued upon exercise of any Option.