

Option terms and conditions

1. The New Options are options to subscribe for fully paid ordinary shares in the capital of the Company (**Shares**).
2. The New Options shall be issued for no consideration.
3. The exercise price of the New Options is \$0.20 per Share (**Exercise Price**).
4. The New Options will lapse on the later of 5 years from the date of issue (**Expiry Date**).
5. The New Options are transferable in whole or in part.
6. The New Options will vest and become exercisable immediately upon their issue.
7. The New Options may be exercised wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company at any time after their issue, and on or before the Expiry Date.
8. Upon the valid exercise of the New Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then issued Shares.
9. The New Option holder does not participate in any dividends unless the New Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
10. The Company does not intend to apply for listing of the New Options on the ASX or an Approved Overseas Financial Market (as applicable).
11. If listed, the Company shall apply for listing on the ASX or an Approved Overseas Financial Market (as applicable) of the resultant Shares of the Company issued upon exercise of any New Options.
12. The New Option holder does 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 or the rules of an Approved Overseas Financial Market (as applicable), provide the New Option holder with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the New Options, in accordance with the requirements of the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable).
13. If the Company is listed, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) on which the Company's Shares are listed (if any), if there is a pro rata issue (except a bonus issue), the Exercise Price of a New Option may be reduced according to the following formula:

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

Where:

O^n = the new exercise price of the New Option;

O = the old exercise price of the New Option:

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

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

S = the subscription price for a Share under the pro rata issue;

D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and

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

14. If the Company is listed, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) on which the Company's Shares are listed (if any), if there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the New Option is exercisable may be increased by the number of Shares which the New Option holder would have received if the New Option had been exercised before the record date for the bonus issue.
15. If the Company is listed, subject to the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) on which the Company's Shares are listed (if any), the terms of the New Options shall only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the New Options shall not be changed to reduce the Exercise Price, increase the number of New Options or change any period for exercise of the New Options.
16. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of New Options, the Exercise Price of the New Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules or the rules of an Approved Overseas Financial Market (as applicable) at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the New Options 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 approving a reconstruction of capital, in all other respects the terms for the exercise of the New Options will remain unchanged.
17. For the purposes of these terms and conditions, Approved Overseas Financial Market means a financial market outside Australia which ASIC has declared in writing under Class Order 02/249 to be an approved overseas financial market for the purposes of subsection 257B(7) of the Corporations Act.