



Terms and conditions of all options on issue

Terms of the First Placement Options

1. Each Option gives the Optionholder the right to subscribe for 1 Share for every Option they own in the Company. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
2. The Options will expire at 5:00pm (AEST) on 30 June 2018 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon the exercise of each Option will be 1 cent (\$0.01) (**Exercise Price**).
4. The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
5. Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - (a) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (b) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.

(Exercise Notice)

6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
8. The Options are freely transferrable.
9. All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
10. The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX immediately after the allotment of those Shares.
11. If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
12. There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of



determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

13. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
14. In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

Terms of the 3 Year Options (part of Management Options)

1. Each 3 Year Option gives the Management Optionholder the right to subscribe for 1 Share upon:
 - (a) exercise of the 3 Year Option in accordance with these terms; and
 - (b) payment of the Exercise Price.
2. The 3 Year Options will expire at 5:00pm (AEST) on the third anniversary of the day on which they were issued (**Expiry Date**).
3. Subject to item 22 below and notwithstanding any other term in the Option Plan, a 3 Year Option will not vest and may not be exercised unless the Company's 20 day VWAP of the Company's shares is 2 cents (\$0.02) or above.
4. Subject to item 23 below, a 3 Year Option that has not vested will lapse upon the Management Optionholder ceasing to be an employee or consultant of the Company unless the Board, in its absolute discretion, determines that the 3 Year Options should not lapse. Without limiting the Board's discretion, the Board may make such a determination if the Management Optionholder dies, is totally and permanently incapacitated or made redundant.
5. The Company will notify a Management Optionholder if the Board makes a determination in accordance with item 4 above in relation to any of that Management Optionholder's 3 Year Options.
6. Any 3 Year Option not exercised before the Expiry Date will automatically lapse at 5:00pm (AEST) on the Expiry Date.
7. Each 3 Year Option is exercisable at 1 cent (\$0.01) (**Exercise Price**) payable in full on exercise of that 3 Year Option.
8. A Management Optionholder may exercise all or some of the 3 Year Options held by that Management Optionholder. If a Management Optionholder exercises only part of the 3 Year



- Options held by that Management Optionholder, multiples of 100,000 3 Year Options must be exercised on each occasion.
9. If a Management Optionholder exercises fewer than all of the 3 Year Options held by that Management Optionholder, the Company will cancel the Management Optionholder's holding statement and issue or cause to be issued a new holding statement for the balance of the 3 Year Options held by that Management Optionholder.
 10. 3 Year Options may only be exercised by a Management Optionholder lodging with the Company:
 - (a) a signed written notice of exercise of 3 Year Options specifying the number of 3 Year Options being exercised;
 - (b) the holding statement for the 3 Year Options; and
 - (c) a cheque or electronic funds transfer notice for the Exercise Price for the number of 3 Year Options being exercised

((a) – (c) collectively known as **Exercise Notice**)
 11. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 12. Within 10 Business Days of receipt of the Exercise Notice and the full amount of the Exercise Price in cleared funds, the Company will allot the number of Shares to the Management Optionholder in respect of the number of 3 Year Options specified in the Exercise Notice.
 13. Subject to the Corporations Act and the ASX Listing Rules, the 3 Year Options are freely transferrable.
 14. All Shares allotted upon the exercise of the 3 Year Options will, upon issuance, rank pari passu in all respects with other Shares.
 15. The Company will not apply for quotation of the 3 Year Options on ASX.
 16. The Company will apply for quotation of all Shares allotted pursuant to the exercise of the 3 Year Options on ASX within 10 Business Days after the date of allotment of those Shares.
 17. If at any time the issued capital of the Company is reconstructed, all rights of the Management Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of reconstruction.
 18. There are no participating rights or entitlements inherent in the 3 Year Options and the Management Optionholder will not be entitled to participate in new issue of capital offered to Shareholders during the currency of the 3 Year Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Management Optionholder the



opportunity to exercise the 3 Year Options prior to the date for determining entitlements to participate in any such issue.

19. In the event the Company proceeds with a pro rata basis (other than a bonus issue) of Securities to Shareholders after the date of issue of the 3 Year Options, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro rata issue.
20. In the event the Company proceeds with a bonus issue of Securities to Shareholders after the date of the 3 Year Options, the number of Securities over which a 3 Year Option is exercisable may be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.
21. The Company is entitled to treat the registered holder of 3 Year Options as the absolute holder of that 3 Year Option and is not bound to recognise any equitable or other claim to, or interest in, that 3 Year Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.
22. If a Change of Control Event occurs all unvested 3 Year Options will automatically vest and be free of the condition set out in item 3 above and may be exercised at any time on or before the relevant Expiry Date and in any number.
23. If a Management Optionholder's employment or engagement with the Company or a Related Body Corporate is terminated in circumstances where they are a bad leaver then any 3 Year Options not exercised by the Management Optionholder before the date of the termination will automatically lapse.

Terms of the 5 Year Options (part of Management Options)

1. Each 5 Year Option gives the Management Optionholder the right to subscribe for 1 Share upon:
 - (a) exercise of the 5 Year Option in accordance with these terms; and
 - (b) payment of the Exercise Price.
2. The 5 Year Options will expire at 5:00pm (AEST) on the fifth anniversary of the day on which they were issued (**Expiry Date**).
3. Subject to item 22 below and notwithstanding any other term in the Option Plan, a 5 Year Option will not vest and may not be exercised unless and until the Company's 20 day VWAP of the Company's shares is 3 cents (\$0.03) or above.
4. Subject to item 23 below, a 5 Year Option that has not vested will lapse upon the Management Optionholder ceasing to be an employee of or consultant of the Company unless the Board, in its absolute discretion, determines that the 5 Year Options should not lapse. Without limiting the Board's discretion, the Board may make such a determination if the Management Optionholder dies, is totally and permanently incapacitated or made redundant.



5. The Company will notify a Management Optionholder if the Board makes a determination in accordance with item 5 above in relation to any of that Management Optionholder's 5 Year Options.
6. Any 5 Year Option not exercised before the Expiry Date will automatically lapse at 5:00pm (AEST) on the Expiry Date.
7. Each 5 Year Option is exercisable at 1 cent (\$0.01) (**Exercise Price**) payable in full on exercise of that 5 Year Option.
8. A Management Optionholder may exercise all or some of the 5 Year Options held by that Management Optionholder. If a Management Optionholder exercises only part of the 5 Year Options held by that Management Optionholder, multiples of 100,000 5 Year Options must be exercised on each occasion.
9. If a Management Optionholder exercises fewer than all of the 5 Year Options held by that Management Optionholder, the Company will cancel the Management Optionholder's holding statement and issue or cause to be issued a new holding statement for the balance of the 5 Year Options held by that Management Optionholder.
10. 5 Year Options may only be exercised by a Management Optionholder lodging with the Company:
 - (a) a signed written notice of exercise of 5 Year Options specifying the number of 5 Year Options being exercised;
 - (b) the holding statement for the 5 Year Options; and
 - (c) a cheque or electronic funds transfer notice for the Exercise Price for the number of 5 Year Options being exercised((a) – (c) collectively known as **Exercise Notice**)
11. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
12. Within 10 Business Days of receipt of the Exercise Notice and the full amount of the Exercise Price in cleared funds, the Company will allot the number of Shares to the Management Optionholder in respect of the number of 5 Year Options specified in the Exercise Notice.
13. Subject to the Corporations Act and the ASX Listing Rules, the 5 Year Options are freely transferrable.
14. All Shares allotted upon the exercise of the 5 Year Options will, upon issuance, rank pari passu in all respects with other Shares.
15. The Company will not apply for quotation of the 5 Year Options on ASX.



16. The Company will apply for quotation of all Shares allotted pursuant to the exercise of the 5 Year Options on ASX within 10 Business Days after the date of allotment of those Shares.
17. If at any time the issued capital of the Company is reconstructed, all rights of the Management Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of reconstruction.
18. There are no participating rights or entitlements inherent in the 5 Year Options and the Management Optionholder will not be entitled to participate in new issue of capital offered to Shareholders during the currency of the 5 Year Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Management Optionholder the opportunity to exercise the 5 Year Options prior to the date for determining entitlements to participate in any such issue.
19. In the event the Company proceeds with a pro rata basis (other than a bonus issue) of Securities to Shareholders after the date of issue of the 5 Year Options, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro rata issue.
20. In the event the Company proceeds with a bonus issue of Securities to Shareholders after the date of the 5 Year Options, the number of Securities over which a 5 Year Option is exercisable may be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.
21. The Company is entitled to treat the registered holder of 5 Year Options as the absolute holder of that 5 Year Option and is not bound to recognise any equitable or other claim to, or interest in, that 5 Year Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.
22. If a Change of Control Event occurs all unvested 5 Year Options will automatically vest and be free of the condition set out in item 3 above and may be exercised at any time on or before the relevant Expiry Date and in any number.
23. If a Management Optionholder's employment or engagement with the Company or a Related Body Corporate is terminated in circumstances where they are a bad leaver then any 5 Year Options not exercised by the Management Optionholder before the date of the termination will automatically lapse.

In the terms of the 3 Year Options and 5 Year Options, a **Change of Control Event** means where:

- (a) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;



- (b) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 411 of the Corporations Act (upon a scheme of arrangement being approved); or
 - (ii) Chapter 6A of the Corporations Act (compulsory acquisition following a Takeover Bid);
- (c) a Takeover Bid or other offer is made to acquire more than 50% of the voting shares of the Company and has become unconditional;
- (d) the Company passes a resolution for voluntary winding up;
- (e) an order is made for the compulsory winding up of the Company; or
- (f) a person or a group of associated persons obtains a relevant interest in sufficient Shares to give it or them the ability, in a general meeting, to replace all or a majority of the Board.