



STEMCELL UNITED LIMITED
ACN 009 104 330

29 March 2023

Pre-Quotation Disclosure

Stemcell United Limited (ASX: SCU) (“**SCU**” or the “**Company**”), a plant-based biotechnology company, is pleased to advise that it has obtained approval from ASX for reinstatement of its shares to the Official List of ASX.

The Company provides the following pre-quotation disclosures and confirmations to ASX to satisfy the conditions for reinstatement of the Company to the Official List of the ASX.

Business Activities Update:

Overview

The Company is an Australian plant-focused biotechnology company focused on producing foods and products which deliver Traditional Chinese Medicine (**TCM**) - based health outcomes.

SCU focuses on the research & development, production and commercialisation of plant-based products, including seaweed and sea plants to produce sustainable plant-based protein foods and nutraceutical and pharmaceutical ingredients (including CBD extracted from Hemp) for utilisation in the food, nutrition, healthcare, health supplements, cosmetics and personal care industries. SCU's principal business focus is on the Singapore, Australian, Southeast Asian and Chinese markets.

SCU has developed the following business units and product lines seeking TCM-based health outcomes using its proprietary methods and biotechnologies:

- (a) Distribution of dendrobium and resina stem-cell based products;
- (b) Development, cultivation and distribution of seaweed-based products in Singapore and other international markets;
- (c) Suitability and feasibility studies with respect to seaweed-based projects in Australia, with a view to securing commercial seaweed cultivation sites in Victoria and Western Australia;
- (d) Research and development of seaweed and stem-cell based products with Universities based in Singapore, Malaysia and Australia; and
- (e) Development of Hemp products in China.

Outlined below is a summary of the current status of SCU’s business units and its proposed strategy with respect to such assets following the Company’s reinstatement to the Official List of ASX.

Dendrobium and resina products

The Company has conducted sales of dendrobium and resina products since the SCU business became listed on the ASX in 2015 and will continue to pursue such sales.

The Company intends to utilise its existing sales channels and is actively seeking to open new sales channels for these products.

China is a key market for these products, and since the Covid pandemic the sales to China have slowed due to the government lockdowns and other restrictions that were imposed. However, China's recent re-opening of the economy this year (from its Covid lockdowns and restrictions) will provide opportunities for SCU to reactivate the dendrobium and resina product sales channels.

The Company's proposed strategy in relation to its dendrobium and resina products is as follows:

1. SCU has been preparing to activate sales and marketing channels for its dendrobium infused birds nest products business in China. SCU's team has been working with China Tobacco in supplying dendrobium infused birds nest products via China Tobacco's outlets in Guangzhou to test the market response to the product. In addition, SCU has been undertaking test marketing of the products via social media influencers on Douyin, the China version of TikTok.

The feedback from the initial test sales and marketing activities has been positive and SCU plans to activate the marketing and distribution of the dendrobium infused birds nest products on a broader scale throughout China immediately following its reinstatement.

2. SCU continues to maintain its business relationship with Ah Yat Abalone Princess (HK) Ltd ("Ah Yat") which operates high-end restaurants in China and Hong Kong. Covid restrictions have adversely affected their business. It is expected that the demand for luxury food products will normalise in 2023 as Covid restrictions have been lifted in China and Hong Kong. This should increase the Company's opportunity to generate sales of dendrobium infused bird nest drinks through these restaurants.
3. The existing resina contract with Zhejiang Forest Rainbow Medical Co Ltd ("ZFRM") has been fulfilled and a new one is being negotiated. SCU supplies processed resina in cake form as raw material for subsequent processing into other TCM products. Following reinstatement, the Company shall seek to negotiate new contracts to supply resina extract through this sales channel and other potential sales channels in the China market.

Seaweed business activities

R&D activities

Having successfully completed its Singapore-based pilot program at the Singapore Food Agency's (SFA) Aquaculture Centre on St John's Island for the commercialisation of the cultivation and harvesting of seaweeds, SCU is now developing on-shore and off-shore sites in Singapore for the cultivation and harvesting of seaweeds on a commercial scale. SCU continues to conduct extensive research & development.

At its dedicated R&D facility on St John's Island, SCU has developed a Vertically Integrated Smart Seaweed Cultivation and Activation System (VISSCAS™) as its business model blueprint. The VISSCAS system developed by SCU is a technology platform that uses Company-generated research data and precision

cultivation systems so as to facilitate the best environments for seaweed's growth and downstream nutraceutical extraction technology to extract protein, glycoprotein, polysaccharides and bioactive ingredients from the seaweed for infusion into topical creams and processed foods.

SFA has recently granted SCU a 3-year extension of the lease for SCU's seaweed research facilities housed in Singapore's Marine Aquaculture Centre on St John's Island in Singapore. This will support SCU's continuing R&D into seaweed-based topical and ingestible products for TCM-based health outcomes.

Commercialisation activities and strategy

The Company has acquired the seaweed island site in Singapore as part of its joint venture with Rong Yao Fisheries Pte Ltd.

At the seaweed island site, the Company is cultivating and extracting seaweed products. SCU has received notification from the SFA that its joint venture company, SCU-RY Farm Pte Ltd, has been approved for a fish culture farm licence at seaweed island aquaculture farm facility.

SCU's seaweed island project is a multitrophic aquaculture platform which aims to simulate the natural environment for a mutualism relationship between sea animals (fishes, crustaceans) and sea plants (sea weeds) for sustainable growing. SCU's research indicates that the combination of seaweed and fish cultivation in the same area is advantageous for seaweed nutraceutical content and subsequent extraction (as opposed to solely cultivating seaweed in a farm space). The Company believes growing seaweed together with fishes will sustainably promote the growth rate of both species while not taking up additional sea space.

The Company has developed intellectual property and know-how in relation to the seaweed cultivation, extraction and development activities. The Company has proprietary biotechnologies associated with its seaweed business operation, including its Macroalgae seed bank, Macroalgae proprietary precision cultivation system and downstream nutraceutical extraction technology. The Company considers that it is now in a position to capitalise on the investment made in this intellectual property and know-how and commercialise the seaweed-based products for TCM benefits.

The Company will generate revenues from seaweed products as follows:

- Sale of raw seaweed products;
- Processing of raw seaweed into formula-based products for sale (extracting base bioactive ingredients of seaweed into a powder or liquid form).
- Sale of such products to food companies, nutraceutical companies and cosmetic companies to infuse the seaweed product and/or seaweed formula product into end-use retail products with TCM health benefits.
- Using seaweed powder to produce health-based food products (such as pastas and crackers) containing nutraceuticals.

One example of the planned commercialisation is the commercial agreement entered into with Bakers Oven (see ASX announcement 27 September 2022). SCU has entered a binding MOU with Bakers Oven Patisseries, a leading Singapore based manufacturer and wholesale supplier of bakery products. SCU will supply Bakers Oven with seaweed-based products, including seaweed powder and seaweed-based vegan

fillings. Bakers Oven will infuse the seaweed into certain bakery products sold through Bakers Oven outlets.

The Company's joint venture partner, Rong Yao Fisheries, is part of a large food distribution group based in Singapore. The Company intends to work with Rong Yao to utilise their existing network to open distribution channels for the sales of seaweed-based products.

Following reinstatement, the Company shall also hire a full-time business development manager to oversee product sales and distribution opportunities.

Potential Australian seaweed sites

The Company is looking at expanding its seaweed activities to Australia and sees significant potential in Australian-based sites for seaweed cultivation and extraction utilising the Company's proprietary intellectual property and know-how.

The Company is in negotiations to secure leases to sites in Broome, Western Australia and in Warnambool, Victoria, at which it will be able to cultivate and extract seaweed-based products.

The Company is also conducting feasibility and analysis on these sites and has received a draft lease for the Broome project.

The Company has entered an MOU with Deakin University for seaweed collaboration, research and development activities for the Warrnambool site.

The Company has also been actively working with InvestVic and the WA Government in relation to these seaweed sites.

If the Company's due diligence on these sites is satisfactory and it can secure leases for these sites on commercial terms that meet the Company's requirements then from such sites the Company would seek to eventually generate revenues from the cultivation, extraction and processing of raw seaweed in a similar manner as the Singapore seaweed island site.

Divestment of Lantene business

SCU has obtained shareholder approval for the sale of the Company's 50.1% shareholding interest in Lantene at SCU's Extraordinary General Meeting held on 19 October 2022. 10% of the purchase price has been received on 23 October 2022, and a proportionate number of shares transferred to the buyer. Based on the terms of the Share Sale Agreement, the remaining 90% of the purchase price is due to be paid over a 6 month period from the date of the initial payment, and therefore is scheduled to occur late April 2023.

The Company has also entered a commercial distribution agreement with Lantene whereby Lantene will distribute SCU's TCM health products in the China territory. The Company intends to generate revenues from the sale of its products in the China territory pursuant to the distribution agreement.

The Company intends to leverage Lantene's patent technology to accelerate commercialisation of seaweed-based products with SCU's customers.

Hemp-based ventures in China

The Company has several commercial opportunities in the hemp sector in China.

The Covid pandemic has frustrated progress on these hemp ventures in recent years due to the government lockdowns and restrictive measures maintained by the government. However, now that China has re-opened its economy, the Company intends to reactivate its collaborations with Hongyi and Heilongjiang Beimei Industrial Hemp Technology Co Ltd following reinstatement.

Completion of Placement

SCU confirms that it has completed the share placement to raise \$875,005 from sophisticated and professional investors by the issue of 145,834,319 shares to investors. The Company has received the placement monies, and shares have been allotted to investors.

The placement shares were issued to investors under ASX listing rule 7.1.

The investors will be entitled to be issued 1 free attaching Option for every 1 share subscribed for, subject to the Company obtaining shareholder approval for the issue of such Options. The Options have an exercise price of \$0.01 and an expiry date of 4 years from their date of issue. The Company intends to call an Extraordinary General Meeting (**EGM**) to be held in May 2023 to approve the issue of such Options.

The Company also confirms that it has received \$150,000 by way of a convertible loan from former director, Yanhua (Michael) Huang. This loan will be convertible into shares (and free attaching Options) on the same terms as the share placement. The Company has the right to elect to convert the loan into shares. The conversion is subject to shareholder approval. Company will seek shareholder approval for the issue of such shares and free attaching Options at the EGM proposed for May 2023.

The Company has also entered deeds of conversion of debt for the conversion of \$150,000 owed by the Company to directors and consultants into shares (and free attaching Options) on the same terms as the placement. Company will seek shareholder approval for the issue of such shares (and free attaching Options) on conversion of the debt at the EGM proposed for May 2023.

Board Changes

The Company confirms that, in connection with its reinstatement to the official list of ASX, the following Board changes have now been implemented in line with the Company's announcement to ASX dated 19 January 2023:

1. Mr. Matthew Leonard has been appointed as an Executive Director;
2. Mr. Francesco Cannavo has transitioned from Non-Executive Director to the role of part time Executive Director;
3. Mr. Philip (Huan Qing) Gu has resigned as CEO of SCU, and remains on the Board as a Director focused on Science and R&D for the Company's products;
4. Mr. Chow Yee Koh has resigned as a Director but remains in his current employment position as Chief Financial Officer for the Company.

Capital Structure

The Company's capital structure is as follows:

Shares

Ordinary Shares on issue prior to Placement	1,138,895,462
Shares issued under Placement	145,834,319
Sub-Total (shares on issue as at reinstatement)	1,284,729,781
Shares to be issued under Cleansing Prospectus Offer	10,000
Shares to be issued on conversion of Michael Huang Convertible Loan*	25,000,000
Shares to be issued on conversion of Directors / Consultants fees*	25,000,000
Total	1,334,739,781

**subject to obtaining shareholder approval for the issue of such shares at the Company's upcoming EGM planned for May 2023*

Options

The Company currently has the following Options on issue:

Name	Description	No. of Options	Exercise Price	Expiry
SCUOPT	UNL OPT EXP 5/12/2028 at \$0.01	5,100,000	0.01	5/12/2028
SCUOPT01	OPTIONS EXPIRING 16/12/2024 @ \$0.01	500,000	0.01	16/12/2024
SCUOPT02	UNL OPT EXP 18/12/2025 at \$0.01	5,000,000	0.01	18/12/2025
SCUOPT03	UNL OPT EXP 09/04/2023 at \$0.025	5,000,000	0.025	9/04/2023
SCUOPT04	DIR OPTIONS EXP 09/04/2026 at \$0.017	25,000,000	0.017	9/04/2026
SCUOPT05	DIR OPTIONS EXP 01/11/2027 at \$0.05	25,000,000	0.05	1/11/2027
SCUOPT07	UNL OPT EXP 23/04/2024 at \$0.04	110,000,000	0.04	23/04/2024
SCUOPT08	UNL OPT EXP 28/02/2027 at \$0.02	5,000,000	0.02	28/02/2027
SCUOPT09	UNL OPT EXP 28/02/2027 at \$0.017	5,000,000	0.017	28/02/2027
SCUOPT10	UNL OPT EXP 28/02/2025 at \$0.025	15,000,000	0.025	28/02/2025
SCUOPT11	UNL OPT EXP 28/02/2025 at \$0.05	7,500,000	0.05	28/02/2025
SCUOPT12	UNL OPT EXP 28/02/2025 at \$0.075	2,500,000	0.075	28/02/2025
SCUOPT13	UNL OPT EXP 28/02/2027 at \$0.01	500,000	0.01	28/02/2027
SCUOPT14	OPT EXP 01/09/2025 at \$0.018	27,666,664	0.018	1/09/2025
		238,766,664		

Subject to obtaining shareholder approval at the upcoming EGM, the Company will issue the following additional options, all with an exercise price of \$0.01 and an expiry date of four (4) years from their date of issue:

Options to be issued to placement investors	145,834,319
Options to be issued to Michael Huang on conversion of loan	25,000,000
Options to be issued to Directors / Consultant on conversion of fees	25,000,000
Options to be issued to Sanlam as lead manager to placement	25,000,000
Total	220,834,319

Terms and Conditions of Options on issue

The full terms and conditions of the Options is annexed at Annexure A.

Statement of Commitments based on actual funds raised

The Company has commitments to use the funds raised under the placement and convertible loan raising as follows:

Item	\$
Activation of dendrobium birds nest product sales and marketing in the China market	245,000
Singapore based seaweed business activities – development, manufacturing and distribution of seaweed products and seaweed island overheads	325,000
Australian based seaweed business activities – due diligence, suitability and feasibility studies with respect to the potential Australian sites and sourcing other potential opportunities in the Australian market	175,000
Working capital	200,000
Fees payable with respect to the capital raising transactions	80,005
Total	\$1,025,005

Working capital statement

Following completion of the Placement, the Board considers that SCU has sufficient working capital at the time of reinstatement to the official List to carry out its stated objectives as outlined in this pre-quotation disclosure statement.

Pro forma balance sheet

The Company's pro forma balance sheet (based on funds raised under the placement and adopting a balance date of 31 December 2022) is as follows:

Stemcell United Limited
Pro Forma Consolidated Statement of Financial Position
As at 31 December 2022

Consolidated statement of financial position (reviewed)	<----- Pro forma adjustments ----->					Unaudited pro-forma
	Lantene sale	February 2023 Placement LR7.1	Convertible Loan	Director accrued liabilities conversion	Discounts and debt waivers	
A\$	A\$	A\$	A\$	A\$	A\$	A\$
1	2	3	4	5	6	
CURRENT ASSETS						
Cash and cash equivalents	554,270	630,000	822,506	150,000	-	2,156,776
Trade & other receivables	55,991	-	-	-	-	55,991
Other assets	28,704	-	-	-	-	28,704
Inventory	24,178	-	-	-	-	24,178
Financial asset at fair value through profit or loss	630,000	(630,000)	-	-	-	-
Total current assets	1,293,143	-	822,506	150,000	-	2,265,649
NON-CURRENT ASSETS						
Plant & equipment	710,424	-	-	-	-	710,424
Intangible assets	1	-	-	-	-	1
Total non-current assets	710,425	-	-	-	-	710,425
TOTAL ASSETS	2,003,568	-	822,506	150,000	-	2,976,074
CURRENT LIABILITIES						
Trade and other payables	(1,033,225)	-	-	-	150,000	354,491
Total current liabilities	(1,033,225)	-	-	-	150,000	354,491
Total Liabilities	(1,033,225)	-	-	-	150,000	354,491
NET ASSETS	970,343	-	822,506	150,000	150,000	2,447,340
EQUITY						
Share capital	77,461,743	-	323,670	-	77,000	19,507
Option Reserves	4,472,648	-	498,836	-	73,000	18,493
Convertible loan - equity	-	-	-	150,000	-	-
Accumulated losses	(81,190,784)	-	-	-	-	316,491
Foreign exchange translation reserve	49,520	-	-	-	-	-
Total equity attributable to Shareholder	793,127	-	822,506	150,000	150,000	354,491
Non-Controlling interest	177,216	-	-	-	-	-
TOTAL EQUITY	970,343	-	822,506	150,000	150,000	354,491

Compliance with Listing Rule 3.1

The Company confirms that it is in compliance with the ASX listing rules, and in particular listing rule 3.1.

- END -

Authorised for lodgement by the Board of the Company.

About Stemcell United Limited

Stemcell United Limited (ASX: SCU) is an Asia-Pacific plant-based biotechnology company that is building a food, nutrition, healthcare, cosmetics and personal care business based on plants found in the region, using its proprietary plant genetics and stem cell technology to refine the propagation and cultivation process. SCU's lead programs involve hemp (which has been cultivated in Asia for millennia), tapping into the medicinal attributes of its cannabidiol (CBD) constituent; and sea grapes (or "green caviar"), a tropical aquatic vegetable native to many parts of the Indo-Pacific coast and a staple delicacy in Japan and regions of south-east Asia; and the processing of these crops to make a wide range of products and additives for the global nutrition, healthcare, cosmetics, beauty, personal care and veterinary markets.

Stemcell United is the first foreign company allowed access to the huge China hemp market, while in sea grapes and seaweed, SCU is building a mass-cultivation aquaculture capability in Singapore, with an integrated manufacturing capacity for high-value products. SCU is also leveraging its environmentally friendly technology to develop medicinal, health, beauty and anti-ageing applications of several other plants that are familiar components of traditional Chinese medicine (TCM). Also, SCU has successfully commercialised the processing and production of pharmaceutical grade Resina Draconis product for Asia.

Annexure A

Terms and Conditions of Options

The following terms and conditions apply to the following tranches of Options on issue (and to be issued subject to approval at EGM):

Existing Options

Name	Description	No. of Options	Exercise Price	Expiry
SCUOPT	UNL OPT EXP 5/12/2028 at \$0.01	5,100,000	0.01	5/12/2028
SCUOPT01	OPTIONS EXPIRING 16/12/2024 @ \$0.01	500,000	0.01	16/12/2024
SCUOPT02	UNL OPT EXP 18/12/2025 at \$0.01	5,000,000	0.01	18/12/2025
SCUOPT03	UNL OPT EXP 09/04/2023 at \$0.025	5,000,000	0.025	9/04/2023
SCUOPT04	DIR OPTIONS EXP 09/04/2026 at \$0.017	25,000,000	0.017	9/04/2026
SCUOPT05	DIR OPTIONS EXP 01/11/2027 at \$0.05	25,000,000	0.05	1/11/2027
SCUOPT07	UNL OPT EXP 23/04/2024 at \$0.04	110,000,000	0.04	23/04/2024
SCUOPT08	UNL OPT EXP 28/02/2027 at \$0.02	5,000,000	0.02	28/02/2027
SCUOPT09	UNL OPT EXP 28/02/2027 at \$0.017	5,000,000	0.017	28/02/2027
SCUOPT10	UNL OPT EXP 28/02/2025 at \$0.025	15,000,000	0.025	28/02/2025
SCUOPT11	UNL OPT EXP 28/02/2025 at \$0.05	7,500,000	0.05	28/02/2025
SCUOPT12	UNL OPT EXP 28/02/2025 at \$0.075	2,500,000	0.075	28/02/2025
SCUOPT13	UNL OPT EXP 28/02/2027 at \$0.01	500,000	0.01	28/02/2027
SCUOPT14	OPT EXP 01/09/2025 at \$0.018	27,666,664	0.018	1/09/2025
		238,766,664		

Options Pending approval for issue at EGM

Name	Description	No. of Options	Exercise Price	Expiry
SCUOPT15	UNL OPT EXP 4 YRS FROM DATE OF ISSUE at \$0.01	220,834,319	0.01	4 years

SCUOPT to SCUOPT13:

Each Option entitles the holder to subscribe for one ordinary share (**Share**) in the Company on the following terms and conditions:

- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Expiry Date:** Each Option will expire at 5.00pm (Sydney time) on the relevant expiry date for that tranche of Option as set out in above table (**Expiry Date**)
- (c) **Exercise Price:** Each Option will have the relevant exercise price for that tranche of Option as set out in the above table (**Exercise Price**)
- (d) **Vesting, exercise period and lapsing:** Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.
- (e) **Exercise Notice and payment:** Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment to the Company of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Cheques paid in connection with the exercise of Options must be in Australian currency, made payable to the company and crossed "Not Negotiable".

- (f) **Shares issued on exercise:** Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.
- (g) **Quotation of Shares:** Provided that the Company is quoted on the official list of ASX Limited at the time, application will be made by the Company to ASX Limited for quotation of the shares issued pursuant to the exercise of the Options.
- (h) **Timing of issue of Shares:** Within 5 business days after the receipt of an Exercise Notice the Company will allot and issue the Shares pursuant to the exercise of the Options. The Company makes no representation that the Shares will be freely tradeable upon issue and the holder acknowledges that the Shares may be subject to the on-sale restrictions contained in ss 706 and 707 of the *Corporations Act 2001* (Cth). In these circumstances, the holder agrees not to trade the Shares for so long as the Shares are subject to such restrictions.
- (i) **Shareholder and regulatory approvals:**
 - a. Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing Shares to the holder.
 - b. If exercise of the Options would result in any person being in contravention of section 606 of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606 of the Corporations Act.
 - c. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606 of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606 of the Corporations Act.
- (j) **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders 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 four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.
- (k) **Adjustment for bonus issues of Shares:**
 - a. If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - i. the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
 - ii. no change will be made to the Exercise Price.
- (l) **Adjustment for rights issue:** If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.
- (m) **Adjustments for reorganisation:** If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstructions.
- (n) **Quotation of Options:** The Company will not apply for quotation of the Options to ASX.
- (o) **Transferability:** the Options are not transferable

SCUOPT14 – SCUOPT15:

Each Option entitles the holder to subscribe for one (1) ordinary share (**Share**) in the Company on the following terms and conditions:

- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Expiry Date:** Each Option will expire at 5.00pm (Sydney time) on the relevant expiry date for that tranche of Option as set out in the above table (**Expiry Date**)
- (c) **Exercise Price:** Each Option will have the relevant exercise price for that tranche of Option as set out in above table (**Exercise Price**)
- (d) **Vesting, exercise period and lapsing:** Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.
- (e) **Exercise Notice and payment:** Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment to the Company of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Cheques paid in connection with the exercise of Options must be in Australian currency, made payable to the company and crossed “Not Negotiable”.
- (f) **Shares issued on exercise:** Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.
- (g) **Quotation of Shares:** Provided that the Company is quoted on the official list of ASX Limited at the time, application will be made by the Company to ASX Limited for quotation of the shares issued pursuant to the exercise of the Options.
- (h) **Timing of issue of Shares:** Within 5 business days after the receipt of an Exercise Notice the Company will allot and issue the Shares pursuant to the exercise of the Options. The Company makes no representation that the Shares will be freely tradeable upon issue and the holder acknowledges that the Shares may be subject to the on-sale restrictions contained in ss 706 and 707 of the *Corporations Act 2001* (Cth). In these circumstances, the holder agrees not to trade the Shares for so long as the Shares are subject to such restrictions.
- (i) **Shareholder and regulatory approvals:**
 - (i) Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing Shares to the holder.
 - (ii) If exercise of the Options would result in any person being in contravention of section 606 of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606 of the Corporations Act.
 - (iii) Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606 of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606 of the Corporations Act.
- (j) **Participation in new issues:** There are no participation rights or entitlements inherent in the Options and holders 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 four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.
- (k) **Adjustment for bonus issues of Shares:** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (l) **Adjustment for rights issue:** If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.
- (m) **Adjustments for reorganisation:** If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstructions.
- (n) **Quotation of Options:** The Company will apply for quotation of the Options to ASX. The Company does not guarantee the Options will be accepted for quotation by the ASX.
- (o) **Transferability:** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.