

# OPTION AGREEMENT

## TERMS OF ISSUE OF OPTIONS

BETWEEN:

VOLTAGE IP LIMITED, ACN 057 884 876 ("Voltage")

AND

SANSTON SECURITIES AUSTRALIA PTY LTD, ACN 156 057 064, AFSL 423523 ("Sanston")

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Sanston Options: 3,500,000 Options to be issued to Sanston under the Sanston Mandate Agreement dated 15 June 2015 and executed by Voltage on 2 July 2015.

Terms: The Sanston Options are to be issued per the 'Schedule: Option Terms and Conditions' listed in this document

Escrow: The Sanston Options will not be subject to any voluntary escrow period.

Value: An Independent Expert report has considered the valuation of the Options to be issued to Sanston under the Sanston Mandate and opined that they currently have a value of \$0.0076 per Option.

Funds: If the Company receives any funds as a result of the exercise of any of the Sanston Options, the use of those funds will need to be determined based on the circumstances and needs of the Company at the relevant time of exercise.

Voting Rights: The Sanston Options will not carry any voting rights, whilst they will still qualify as "equity securities" under the Listing Rules.

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## Schedule: Option Terms and Conditions ('Rules')

VIP must issue 3,500,000 Options (**Options**) to Sanston (**Option Holder**). The terms of the issue, and the rights attached to the Options, are as set out in the **Rules** contained in this Schedule.

### 1. Issuance of shares

VIP must issue 1 fully paid ordinary share in VIP (**Option Share**) for each Option that is exercised by the Option Holder of that option in accordance with these Rules.

### 2. Exercise of Options

- (a) The **Exercise Price** for each Option will be equal to an amount of \$0.10 for each Option.
- (b) An Option may be exercised at any time within the 3 year period commencing on re-quotation of VIP's securities on the Australian Securities Exchange (**Exercise Period**) by the Option Holder giving VIP a notice (in substantially the same form as the notice annexed to these Rules) (**Exercise Notice**), specifying the number of Options that the Option Holder is exercising and a proposed date for completing the allotment of the relevant Option Share (**Option Completion Date**) (which must be at least 7 business days after the date of the Exercise Notice).
- (c) Following any Options being exercised by the Option Holder, any remaining Options held by the Option Holder which remain unexercised will be referred to in these Rules as **Outstanding Options**.

### 3. Completion

Subject to Rule 5, if the Option Holder gives an Exercise Notice to VIP, then:

- (a) completion of the allotment and issue of the Option Share (**Option Completion**) relating to that Exercise Notice will occur at 2.00pm on the Option Completion Date or such other time and place as VIP and the Option Holder may agree; and
- (b) at Option Completion:
  - (i) the Option Holder must pay VIP the Exercise Price for the number of Options being exercised under the relevant Exercise Notice and deliver to VIP any option certificate for the Options being exercised (to the extent not already held by VIP); and
  - (ii) subject to the Option Holder complying with Rule 3(b)(i), VIP must allot and issue to the Option Holder the Option Share relating to the Options being exercised under the relevant Exercise Notice and cancel any option certificate that relate to the Options being exercised (and if applicable, issue a new option certificate in relation to any Outstanding Options then held by the Option Holder).

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### 4. Expiry

If an Option is not exercised on or before the last day of the Exercise Period (**Expiry Date**), that Option will lapse and be of no further effect immediately after the passing of the Expiry Date.

### 5. Approvals

- (a) The issuance of any Option Share under these Rules will be conditional on VIP receiving any necessary shareholder approvals for the purposes of the Corporations Act or the rules of any relevant financial market.
- (b) If before the proposed Option Completion Date set out in any Exercise Notice, VIP gives the Option Holder notice that the issuance of any Option Share in accordance with that Exercise Notice will require any of the shareholder approvals contemplated by Rule 5(a) of these Rules (**Approvals**), then the Completion Date will be delayed until the date that is 7 business days after the Approvals have been obtained by VIP, and VIP will use reasonable endeavours to obtain the Approvals at the next scheduled general meeting of VIP.

### 6. Option Share

An Option Share allotted in accordance with these Rules will rank equally in all respects with all other ordinary shares issued by VIP (**Ordinary Shares**).

### 7. Quotation of Options and Option Share

- (a) The Options will be unlisted options. However, VIP reserves the right to apply for quotation of the Options at such time as VIP in its absolute discretion determines.
- (b) Within 5 business days after the allotment of any Option Share to the Option Holder, VIP must apply for the Option Share to be admitted to trading and quotation on any financial market on which VIP is listed.

### 8. Options transferable

The Options are transferable subject to compliance with the Corporations Act and provided that any proposed transferee:

- (a) is not a person that would need to receive a disclosure document from VIP under Chapter 6D of the Corporations Act in order for any Option Share to be issued to that person in compliance with the Corporations Act; and
- (b) first covenants with VIP (on terms reasonably acceptable to VIP) to comply with these Rules.

### 9. Participation in new issues

- (a) Subject to Rule 10, the Options will only entitle the Option Holder to participate in any new issues of securities by VIP to the extent that the Options have been exercised and an Option Share is issued in respect of those Options before the closing date for determining entitlements under that new issue.

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- (b) VIP will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the opening of the offer period associated with the new issue, in order to give the Option Holder the opportunity to exercise some or all of the Options prior to the date for determining entitlements to participate in any such issue.

### 10. Bonus issues

- (a) If after the issue date of the Options, VIP makes a bonus issue of Ordinary Shares or other securities to its shareholders (or pays a dividend to shareholders in the form of newly issued Ordinary Shares or other securities) (**Bonus Issue**) before some or all of the Options held by the Option Holder have been exercised, then the number of Option Shares to be issued on exercising those Options is to be increased by the number of additional Option Shares to which the Option Holder would have been entitled had the Options held by the Option Holder at the record time for the Bonus Issue been exercised (and Option Share issued) before the record time for the Bonus Issue.
- (b) Where a Bonus Issue occurs, no change will be made to the Exercise Price of the Outstanding Options.

### 11. Adjustment for rights issue

If after the issue date of the Options, VIP makes a pro rata issue of Ordinary Shares (other than a Bonus Issue) to existing holders of Ordinary Shares, then the Exercise Price of each Outstanding Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option;

E = the number of underlying Option Share to which 1 Option is exercisable;

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

S = the subscription price of an Ordinary Share under the pro rata issue;

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

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

### 12. Reorganisations

- (a) In the event of:

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- (i) a consolidation, subdivision or pro rata cancellation of the issued ordinary share capital of VIP, the number of Outstanding Options held by the Option Holder will be reduced or increased in the same proportion as the issued capital of VIP is consolidated, subdivided or cancelled and an inverse adjustment will be made to the Exercise Price (as reasonably determined by VIP), to the effect that the total amount payable on the exercise of all Outstanding Options by the Option Holder will not alter;
  - (ii) a return of any of the issued ordinary share capital of VIP, the number of Outstanding Options must remain the same, and the Exercise Price of each Outstanding Option must be reduced by the same amount as the amount returned in relation to each Ordinary Share;
  - (iii) a reduction of any of the issued ordinary share capital of VIP by cancellation of paid up capital that is lost or not represented by available assets (when no Ordinary Shares or other securities are cancelled), the number of Outstanding Options and the Exercise Price of each Outstanding Option must remain unaltered; or
  - (iv) any other type of reorganisation of VIP in respect of its issued ordinary share capital, the number of Outstanding Options or the Exercise Price, or both, must be reorganised so that the Option Holder will not receive a benefit that the holders of Ordinary Shares do not receive.
- (b) Any adjustments made under this Rule 12 will be subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reorganisation.

### 13. Adjustments for reorganisations

If any reorganisation of VIP occurs while VIP is listed on a financial market and these Rules do not allow the Options to be treated in accordance with the rules of the relevant financial market, then the rights of the Option Holder may be varied by VIP to comply with the listing rules of the relevant financial market which apply to the reorganisation at the time of the reorganisation.

### 14. Restricted securities

- (a) If VIP is listed on the ASX and any Options (or any Option Share allotted on the exercise of an Option) are at any time classified as "restricted securities" (as that term is defined in the ASX Listing Rules), then the Option Holder must, if required by VIP in order to comply with Chapter 9 of the ASX Listing Rules, promptly enter into a restriction agreement with VIP and must cause any controller (as that term is defined in the ASX Listing Rules) of the Option Holder to do the same.
- (b) The restriction agreement contemplated by Rule 14(a) must:
  - (i) be in the form of Appendix 9A of the ASX Listing Rules (or such other form as the ASX requires); and

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- (ii) contain an escrow period for the duration required by the ASX Listing Rules (or as otherwise required by the ASX).

### **15. Governing law and jurisdiction**

These Rules are governed by and must be construed in accordance with the laws of the State of Victoria, Australia. The parties submit to the exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters or things arising out of these Rules.

### **16. Duties and taxes**

VIP is not responsible for payment of any stamp duty or taxes which may subsequently become payable on exercise of any Options or the acquisition of any Option Share.

### **17. Compliance with listing rules**

While VIP is listed on any financial market, if the rights attaching to the Options are inconsistent with the rules of that financial market, then those rules will prevail to the extent of any inconsistency and these Rules will be taken to be modified accordingly.

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## Annexure: Exercise Notice

To: Voltage IP Limited ACN 057 884 876 (VIP)

In accordance with Rule 1 of the terms of the Options issued to *[insert name of Option Holder]* (Option Holder) on *[insert date]* (Option Terms), the Option Holder gives notice that:

1. the Option Holder exercises its rights under that Rule in relation to *[specify number]* Options;
2. the Option Holder requires VIP to allot and issue to the Option Holder *[specify number]* Option Share for every Option being exercised for the Exercise Price of \$0.10 per Option; and
3. on issue of the Option Share the Option Holder agrees to be bound by the constitution of VIP in relation to the Option Share.

The proposed Option Completion Date will be *[insert date]*.

The Option Holder agrees to pay the Exercise Price for each of the above Options to VIP at the Option Completion.

Terms which are used in this notice and have a defined meaning in the Option Terms have the same meaning in this notice.

Dated:

*[insert appropriate execution clause for the Option Holder]*

# OPTION AGREEMENT

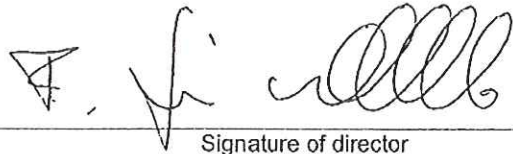
## Signing pages

The signatories below agree to be bound by the terms of this Agreement.

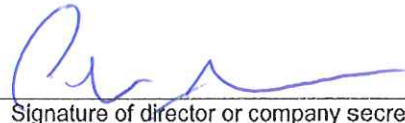
Executed as an agreement.

3 DECEMBER 2015

Executed by Voltage IP Limited ACN 057 884 )  
876 in accordance with section 127(1) of the )  
Corporations Act 2001 (Cth): )



Signature of director

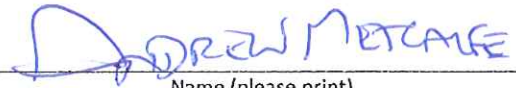


Signature of director or company secretary\*

\*delete whichever does not apply

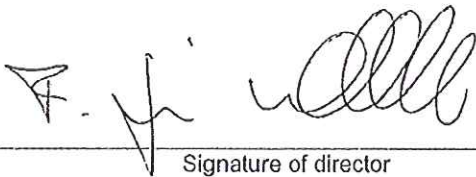


Name (please print)



Name (please print)

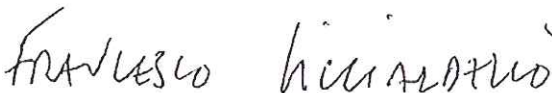
Executed by Sanston Securities Australia )  
Pty Ltd ACN 156 057 064 in accordance with )  
section 127(1) of the Corporations Act 2001 )  
(Cth): )



Signature of director

Signature of director or company secretary\*

\*delete whichever does not apply



Name (please print)

Name (please print)