

TERMS AND CONDITIONS OF MANAGEMENT OPTIONS

- (a) Each Option entitles the holder, when exercised, to one fully paid ordinary share in the capital of the Company (**Share**);
- (b) Subject to paragraph (c), the Options are exercisable on or before that date which is 5 years after the date of issue of the Options (**Expiry Date**) on the following basis:
 - (i) 50% of the Options are exercisable after:
 - (A) the first anniversary of the execution of the holder's agreement with the Company (**Execution Date**); and
 - (B) the Shares trade at a price which is equal to \$0.375 for at least five consecutive trading days,
 - (ii) 50% of the Options are exercisable after:
 - (A) the second anniversary of the Execution Date; and
 - (B) the Shares trade at a price which is equal to \$0.50 for at least five consecutive trading days,

PROVIDED THAT in the event the holder's agreement with the Company is terminated in accordance with clause 13.4 of their consultancy agreement (in the case of the Executive Director) or clause 10(c) of their services agreement (in the case of the Chief Financial Operator), those Options which have not become exercisable in accordance with these terms shall automatically lapse.

- (c) In the event a shareholder acquires a relevant interest in 20% or more of voting shares following the Company's admission to ASX all Options (to the extent not already exercised or capable of exercise) shall vest and become capable of being exercised at any time up to the Expiry Date.
- (d) The exercise price for each Option shall be \$0.25.
- (e) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (f) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply to ASX for quotation of any Shares issued upon exercise of the Options.
- (g) There is no current intention of the Company to apply for quotation of the Options on ASX.
- (h) There are no participating rights or entitlements inherent in the Options and optionholders 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 the proposed issue notice of the new issue will be given to optionholders at least seven (7) business days before the record date. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the

optionholders will be varied in accordance with the ASX Listing Rules and the Corporations Act.