

Annexure 6 - Terms and Conditions of Options

Tranche 1	
Number of Options	175,000,000
Exercise Price	\$0.0015
Expiry Date	36 months from the date of issue
Vesting Condition	The Options will vest and are exercisable following a minimum employment term of 12 months.
Tranche 2	
Number of Options	175,000,000
Exercise Price	\$0.002
Expiry Date	48 months from the date of issue
Vesting Condition	The Options will vest and will be exercisable following a minimum employment term of 24 months.

1. Exercise Period

Subject to paragraph 2 and the applicable Vesting Conditions, the Options are exercisable at any time on or prior to the applicable Expiry Date (**Exercise Period**).

2. Vesting and Cessation of employment

On cessation of employment with the Company:

- (a) if the Optionholder ceases employment with the Company due to termination by the Company, other than dismissal for cause detailed in paragraph (b), all unvested Options will vest; or
- (b) if the Optionholder ceases employment with the Company due to resignation or dismissal for cause, including but not limited to, serious or persistent breach of the Optionholder's employment agreement, fraudulent or dishonest conduct, any criminal offence which involves fraud or dishonesty, any wrongly or negligent act or omission which results in substantial liability, and serious or gross misconduct, all unvested Options will lapse.

3. Exercise of Options

The Options may only be exercised during the Exercise Period.

4. **No Official Quotation of Options**

The Company will not apply for official quotation of the Options.

5. **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

6. **Notice of Exercise**

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of 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.

7. **Shares Issued on Exercise**

Shares issued on exercise of Options rank equally with the Shares currently on issue.

8. **Official Quotation of Shares on Exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

9. **Timing of issue of Shares**

- (a) Subject to paragraph 9(b), within 3 business days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
 - (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those

Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or

- (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

10. 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 4 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

11. 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 of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an 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 Shares into which one Option is exercisable.

P = volume weighted average market price (as defined in the Listing Rules) per Share during the 5 trading days

ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

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

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

13. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will, be varied to the extent necessary to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

14. Options Not Transferable

The Options are non-transferable.

15. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.