
SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for ordinary fully paid shares in the capital of the Company on the following terms and conditions:

- (a) the Options will be exercisable at one (1) cent each on or before 5pm (WST) on 30 April 2013 (**Expiry Date**);
- (b) the Options will expire at 5.00 pm WST on the Expiry Date. Any Option not exercised before the Expiry Date will automatically lapse;
- (c) each Option gives the Option holder the right to subscribe for one Share. To obtain the right given by each Option, the Option holder must exercise the Options in accordance with the terms and conditions of the Options;
- (d) all or part of the Options may be exercised at any time prior to the Expiry Date, from time to time;
- (e) an Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the exercise price for the number of Options being exercised,

(Exercise Notice);

- (f) an Exercise Notice is only effective when the Company has received the full amount of the exercise price in cleared funds;
- (g) within 5 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;
- (h) all Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other issued Shares;
- (i) the Options will be unlisted;
- (j) the Company will apply for quotation by ASX of all Shares allotted pursuant to the exercise of Options within 10 Business Days after the date of allotment of those Shares;
- (k) in the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any Options, the number of Options to which an Option holder is entitled or the exercise price of the Options or both will be reconstructed (as appropriate) in accordance with the Listing Rules;
- (l) 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; and
- (m) there are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered

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to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of the proposed issue, the record date will be at least six (6) business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.