

TERMS AND CONDITIONS OF OPTIONS

- a) The Options are options to subscribe for Ordinary Shares in the capital of the Company.
- b) The exercise price of the Options is thirty five cents (\$0.35) per Option (**Exercise Price**).
- c) The Options will lapse on 28 February 2011 (**Expiry Date**).
- d) The Options will be transferable in whole or in part subject to the provisions of the Constitution of the Company, Corporations Act and the Listing Rules of the ASX.
- e) The Options will be vested on the date they are issued (**Vesting Date**).
- f) The Options may be exercised wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per Option to the Company at any time on or after the Vesting Date and on or before the Expiry Date.
- g) Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue Ordinary Shares ranking pari passu with the then issued Ordinary Shares.
- h) While the Option holder does not have any right to participate in subscription issues of securities in the Company to Shareholders generally, on prior exercise of the Options, the Option holder will be afforded the period of at least ten business days notice prior to and inclusive of the books record date (to determine entitlements to the issue) to exercise the Options.
- i) The Option holder does not participate in any dividends unless the Options are exercised and the resultant Ordinary Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
- j) The Company intends to apply for listing of the Options on the ASX.
- k) The Company shall apply for listing on the ASX of the resultant Ordinary Shares of the Company issued upon exercise of any of the Options.
- l) While the Option holder does not have any participating rights in subscription issues of securities in the Company during the term of any Options held, in the event of a bonus issue or pro-rata issue, the Option holder shall be afforded a period of at least 10 business days before the record date to determine entitlements to the issue, to exercise the Options and it shall be a condition of the Options that any entitlements to bonus issues of securities are only available to the Option holder in the event of a prior exercise of the Options.
- m) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option will be reduced according to the following formula:

$$O^n = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

O^n = the new Exercise Price of the Option;

O = the old Exercise Price of the Option;

E = the number of underlying Ordinary Shares into which one Option is exercisable;

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

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

D = the dividend due but not yet paid on existing underlying 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.

- n) If there is a bonus issue to the holders of Ordinary Shares in the Company, the number of Ordinary Shares over which the Option is exercisable will be increased by the number of Ordinary Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- o) Other than as set out in these terms and the ASX Listing Rules, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Ordinary Shares issued on exercise of the Options or change any period for exercise of the Options.
- p) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders; and
 - subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.

Privacy Clause: Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).