
88 ENERGY LIMITED

ACN 072 964 179

NOTICE OF GENERAL MEETING

TIME: 10:00am (WST)

DATE: 30 October 2015

PLACE: Celtic Club
48 Ord Street West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9485 0990.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00am (WST) on 30 October 2015 at:

Celtic Club, 48 Ord St, West Perth, WA 6005

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm WST on 28 October 2015.

DI Holders may attend the Meeting but will not be permitted to vote at the Meeting. For their votes to be counted DI Holders must submit their CREST Voting Instruction to the Company's agent by 4:00pm GMT on 26 October 2015. Alternatively DI Holders can vote using the enclosed Form of Instruction in accordance with the instructions below.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or

number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

United Kingdom (CREST Voting Instruction)

DI Holders in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (**CREST Voting Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (Computershare UK) no later than 26 October 2015 at 4:00pm (GMT). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Form of Instruction

DI Holders are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, DI Holders must complete, sign and return the Forms of Instruction sent to them together with this Notice to the Company's agent, Computershare UK, by no later than 26 October 2015 at 4:00pm (GMT).

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF OPTIONS TO DIRECTOR UNDER SCHEME – MICHAEL EVANS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Directors to grant up to 8,000,000 Options to Michael Evans (or his nominee) under the Company’s Incentive Option Scheme on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – ISSUE OF OPTIONS TO DIRECTOR UNDER SCHEME – DAVID WALL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Directors to grant up to 40,000,000 Options to David Wall (or his nominee) under the Company’s Incentive Option Scheme on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if:
- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. RESOLUTION 3 – ISSUE OF OPTIONS TO DIRECTOR UNDER SCHEME – STEPHEN STALEY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Directors to grant up to 6,000,000 Options to Stephen Staley (or his nominee) under the Company’s Incentive Option Scheme on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if:
- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR UNDER SCHEME – BRENT VILLEMARETTE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Directors to grant up to 6,000,000 Options to Brent Villemarette (or his nominee) under the Company’s Incentive Option Scheme on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the Chair; and
 - (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO CONSULTANT - MR ERIK OPSTAD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 20,000,000 Options (subject to the satisfaction of Milestones) to Mr Erik Opstad or his nominees on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue, any associates of those persons and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 23 September 2015

By order of the Board

David Wall
Director

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 TO 4 – ISSUE OF OPTIONS TO DIRECTORS UNDER SCHEME

1.1 General

The Company intends, subject to obtaining the Shareholder approvals sought under Resolutions 1 to 4, to issue a total of 60,000,000 Options to Messrs Michael Evans, David Wall, Stephen Staley and Brent Villemarette (the **Related Parties**) under the Incentive Option Scheme (**Scheme**), in the proportions and on the terms and conditions set out below (**Related Party Options**).

The Related Party Options are being put to shareholders for approval as consideration to Directors in lieu of cash consideration for exceptional efforts against the backdrop of highly challenging external conditions.

The turn-around since October last year, when the Company had little to no cash and no assets, has been remarkable. The acquisition of Project Icewine in November 2014 and then progression to drill the first well in under a year's time from acquisition to spud has been a challenging path and this accomplishment is a testament to both the hard work of the team at 88 Energy as well as the support of our shareholders, for which we remain grateful.

The Company considers that the issue of the Related Party Options is beneficial for 88 Energy shareholders in that it rewards Directors of 88 Energy for recent performance with non-cash consideration, it incentivises the Directors for ongoing performance and it improves the alignment of Directors with 88 Energy shareholders,

The exercise price of the Related Party Options is 2.1 cents, a significant premium to the 88 Energy share price at the date of this Notice of Meeting.

The Company recommends that shareholders read the Notice of Meeting in full and cast their proxies as they deem appropriate.

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The issue of the Related Party Options to each of the Directors requires the Company to obtain Shareholder approval because:

- (a) the issue of Options constitutes the giving of a financial benefit; and
- (b) as Directors, Messrs Michael Evans, David Wall, Stephen Staley and Brent Villemarette are related parties of the Company.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the issue of the Related Party Options is considered reasonable remuneration in the circumstances.

1.2 Technical information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Related Party Options to the Directors:

- (a) the Related Parties are Messrs Michael Evans, David Wall, Stephen Staley and Brent Villemarette and they are Related Parties by virtue of being Directors;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties (or their nominee) is:
 - (i) 8,000,000 Related Party Options to Michael Evans;
 - (ii) 40,000,000 Related Party Options to David Wall;
 - (iii) 6,000,000 Related Party Options to Stephen Staley; and
 - (iv) 6,000,000 Related Party Options to Brent Villemarette;
- (c) the Related Party Options will be granted to the Directors no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (f) all Directors are entitled to participate in the Scheme; and
- (g) as at the date of this Notice, the following issues have been made under the Scheme since it was approved:

Recipient	Number of Options	Acquisition Price
Elizabeth Pattillo	3,000,000	Nil
Michael Evans	8,000,000	Nil
David Wall	25,000,000	Nil
Brent Villemarette	6,000,000	Nil

Stephen Staley	6,000,000	Nil
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Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

The Company recommends that shareholders read the Notice of Meeting in full and cast their proxies as they deem appropriate.

2. RESOLUTION 5 – ISSUE OF OPTIONS TO CONSULTANT – MR ERIK OPSTAD

2.1 General

Resolution 5 seeks Shareholder approval for the grant of up to 20,000,000 listed options to the General Manager of Alaskan Operations Mr Erik Opstad (**Consultant Options**). The issue of the Consultant Options will be subject to satisfaction of the following **Milestones**:

- (a) 5,000,000 listed options will be issued following completion of permitting for the Icewine #1 well by 15th October 2015;
- (b) 5,000,000 listed options will be issued following the spud of Icewine #1 well by 15th October 2015;
- (c) 5,000,000 listed options will be issued following the safe execution of the Icewine #1 well with no major Health and Safety Environmental event; and
- (d) 5,000,000 listed options will be issued following the plug and abandonment of the Icewine #1 well without major incident.

The Consultant Options are being put to shareholders for approval as consideration to Mr Erik Opstad in lieu of cash consideration for his exceptional work to date in preparing for the spud of the Icewine #1 well, and to incentivise Mr Opstad for the successful drilling of the Icewine #1 well through the Milestones associated with the Consultant Options.

The Company considers that the issue of the Consultant Options are beneficial for 88 Energy shareholders in that it rewards Mr Opstad for recent performance with non-cash consideration, it incentivises Mr Opstad for ongoing performance and it improves the alignment of Mr Opstad with 88 Energy shareholders,

The exercise price of the Consultant Options is 2 cents, a significant premium to the 88 Energy share price at the date of this Notice of Meeting.

The Company recommends that shareholders read the Notice of Meeting in full and cast their proxies as they deem appropriate.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Company to grant the Consultant Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the grant of the Consultant Options:

- (a) the maximum number of Options to be granted is 20,000,000;
- (b) the Options will be granted progressively (in accordance with the Milestones), but no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Options will be issued for nil cash consideration as part of an incentive package for Mr Erik Opstad;
- (d) the Options will be issued to Mr Erik Opstad, who is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from the grant of the Options as the Options are being issued in as part of an incentive package to Mr Erik Opstad.

The Company recommends that shareholders read the Notice of Meeting in full and cast their proxies as they deem appropriate.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Chair means the chair of the Meeting.

Company or **88 Energy** means 88 Energy Limited (ACN 072 964 179).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Date of Acquisition means the date of acquisition of a security for Australian tax purposes.

DI means a depository interest representing a Share listed (or to be listed) on the AIM Market of the London Stock Exchange.

DI Holder means a holder of a DI.

Directors means the current directors of the Company.

Eligible Person means an eligible person, as defined in the Share Plan.

Explanatory Statement means the explanatory statement accompanying the Notice.

Form of Instruction means the form of instruction accompanying this Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

GMT means Greenwich Mean Time, being the time in London, United Kingdom.

Icewine Project means the onshore oil and gas project known as Project Icewine located in North America.

Icewine #1 Well means the well on the Company's Project Icewine located in North America.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Loan Shares means a loan share issued under the Share Plan.

Milestones means the milestones contained in Section 2.1.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement, the Proxy Form and the Form of Instruction.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Related Parties means (for the purposes of Resolutions 1 to 4, means Messrs Michael Evans, David Wall, Stephen Staley and Brent Villemarette.

Related Party Options means the Options to be granted to each Director, subject to Shareholder approval, pursuant to Resolutions 1 to 4.

Related Party Participants means Messrs Michael Evans, David Wall, Stephen Staley and Brent Villemarette.

Resolutions means the resolutions set out in the Notice or any one of them as the context requires.

Scheme means as defined in Section 1.1.

Section means a section of the Explanatory Statement.

Securities means a Share or an Option or both as the context requires.

Securityholder means a holder of a Security.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS OF OPTIONS (RELATED PARTY)

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid Share in the capital of the Company.
- (b) The Options are exercisable at a price of \$0.021 per option and expire three years from the date of issue.
- (c) The Options will be unquoted.
- (d) The Options are exercisable at any time on or prior to the expiry date, by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (e) The Options are transferable.
- (f) All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.
- (g) There are no participating 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, if from time to time on or prior to the expiry date the Company makes an issue of new Shares to the holders of ordinary fully paid Shares, the Company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue to the holders of the underlying securities, the number of securities over which the Options are exercisable may be increased by the number of securities which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

This rule does not apply to Options issued pro rata on the same terms as Options already on issue.
- (i) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital during the currency of the Options.
- (j) In the event of any reorganisation of the issued capital of the Company on or prior to the expiry date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

SCHEDULE 2 – TERMS OF OPTIONS (CONSULTANT)

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid Share in the capital of the Company.
- (b) The Options are exercisable at a price of \$0.02 per option and expire on 2 March 2018.
- (c) The Company will apply for the Options to be quoted.
- (d) The Options are exercisable at any time on or prior to the expiry date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The Options are transferable.
- (f) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Options.
- (g) There are no participating 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, if from time to time on or prior to the expiry date the Company makes an issue of new Shares to the holders of ordinary fully paid Shares, the Company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue to the holders of the underlying securities, the number of securities over which the Options are exercisable may be increased by the number of securities which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

This rule does not apply to Options issued pro rata on the same terms as Options already on issue.
- (i) There is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital during the currency of the Options.
- (j) In the event of any reorganisation of the issued capital of the company on or prior to the expiry date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.