

## Terms and Conditions of Employee Share Option Plan Options (ESOP Options)

The terms and conditions applying to the 500,000 ESOP Options on issue in Carawine Resources Limited are as follows:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each ESOP Option will be \$0.30 (**Exercise Price**).

(c) **Expiry Date**

Each ESOP Option will expire at 5:00 pm (WST) on that date which is 48 months from the date the Company is admitted to the Official List (**Expiry Date**). A ESOP Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period:**

(i) Subject to (d)(ii), following the holder remaining employed by the Company for 12 months from the date the Company is admitted to the Official List (**Exercise Condition**), the ESOP Options may be exercised at any time prior to the Expiry Date, in whole or part, upon payment of the exercise price per ESOP Option (**Exercise Period**).

(ii) The ESOP Option may be exercised in whole or in part and if exercised in part, multiples of 1,000 ESOP Option must be exercised on each occasion. Where less than 1,000 ESOP Option are held, all ESOP Option held by the holder must be exercised together.

(e) **Lapsing**

The ESOP Options will lapse if the eligible holder ceases employment with the Company prior to the achievement of the Exercise Condition.

(f) **Notice of Exercise**

The ESOP Option may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the ESOP Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each ESOP Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each ESOP Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 10 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case, no later than 20 Business Days after the Exercise Date, Carawine will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of ESOP Option specified in the Notice of Exercise and for which cleared funds have been received by Carawine;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the Official List of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the ESOP Option.

If a notice delivered under (g) (iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the ESOP Option rank equally with the then issued shares of the Company.

(j) **Quotation of Shares issued on exercise**

If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the ESOP Option.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a ESOP Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the ESOP Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the ESOP Options without exercising the ESOP Options.

(m) **Change in exercise price**

A ESOP Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the ESOP Option can be exercised.

(n) **Transferability**

ESOP Options will be transferrable with prior board approval and subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.