

Terms and Conditions of Options

Entitlement

- 1 Each Option entitles the holder of that Option (**Holder**) to subscribe for one (1) fully paid ordinary share (**Share**) in the capital of Toubani Resources Limited ACN 661 082 435 (**Company**) upon exercise, on and subject to these terms and conditions.

Exercise Price and Expiry Date

- 2 The exercise price \$0.40 (**Exercise Price**).
- 3 The Options will expire at 5:00pm (AWST) on the date that is three years from the date of issue (**Expiry Date**).

Exercise Period

- 4 Each Option is exercisable at any time prior to the Expiry Date (**Exercise Period**). After this time, any unexercised Options will automatically lapse.

Notice of Exercise of Options

- 5 The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the applicable Exercise Price for each Option being exercised.

Shares Issued on Exercise

- 6 Shares issued on exercise of the Options rank equally with the Shares on issue and will be free of all encumbrances, liens and third party interests.

Timing of the Issue of Shares and Quotation

- 7 Within five (5) Business Days after the later of the following:
 - 7.1 receipt of a Notice of Exercise together with payment of the Exercise Price for each Option being exercised; and
 - 7.2 when excluded information in respect of the Company (as defined in section 708A(7) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as set out above,

the Company will:

- 7.3 allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- 7.4 as soon as reasonably practicable and 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

- 7.5 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 Options.

Quotation of the Shares

- 8 The Company will apply to ASX for official quotation of the Shares issued upon the exercise of the Options.

Holder Rights

- 9 A Holder who holds Options is not entitled to:
- 9.1 notice of, or to vote or attend at, a meeting of the shareholders;
 - 9.2 receive any dividends declared by the Company; or
 - 9.3 participate in any new issues of securities offered to shareholders during the term of the Options,
- unless and until the Options are exercised and the Holder holds Shares.

Adjustment for bonus issue of Shares

- 10 If, the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- 10.1 the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Holder would have received if the Holder of an Option had exercised the Option before the record date for the bonus issue; and
 - 10.2 no change will be made to the Exercise Price.

Adjustment for rights issue

- 11 If the Company makes an issue of Shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

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

where:

O' = the new Exercise Price of the Option.

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five (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 (1) new Share.

Adjustment for reorganisation

- 12 If there is any reconstruction of the issued share capital of the Company, the rights of the Holder may be varied to comply with the ASX Listing Rules that apply to the reconstruction at the time of the reconstruction.

Quotation

- 13 The Company will not seek official quotation of any Options.

Options not transferable

- 14 The Options are not transferable.

Lodgement requirements

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

Rules

- 16 The Options are issued under and in accordance with the Plan and the terms and conditions of these Options are subject to the Rules.
- 17 Unless otherwise defined, capitalised terms have the meanings given to those terms in the Rules.