

Eumeralla Resources Limited

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ASX RELEASE [ASX:EUM]

4 November 2016

APPENDIX 3B: ISSUE OF UNLISTED OPTIONS

Eumeralla Resources Limited ('Eumeralla' or 'the Company') provides the attached Appendix 3B relating to the following unquoted securities issued today:

-) 10,000,000 Corporate Options; and
-) 3,500,000 Incentive Options (subject to shareholder approval).

Background Information

Corporate Options:

Under Listing Rule 7.1, CPS Capital Group Pty Ltd ('CPS Capital') and or its Nominee has been issued 10,000,000 Options (Corporate Options) at a nominal issue price of \$0.0025 in consideration of services provided by CPS Capital to the Company in accordance with the Mandate.

Each of the Corporate Options entitles the holder to one fully paid ordinary share in the Group. The 10,000,000 Corporate Options have been issued at \$0.0025 each, exercisable at \$0.045 on or before 31 Dec 2018 and will otherwise be issued on the terms set out in Annexure A.

Further, the Company has agreed to pay CPS Capital a corporate advisory fee of \$5,000 (plus GST) on a monthly basis for a period of 12 months for ongoing corporate advisory services from the date of the Mandate. In addition, the Company will pay CPS Capital (or its nominee) an asset introduction fee of 5% for any asset the Company may acquire in the future introduced by CPS Capital.

Incentive Options:

At the next General Meeting occurring after the Annual General Meeting to will be held at 9:30 am (WST) on 11 November 2016, the Company will seek, to Shareholder approval for the issue of a total of 3,000,000 Incentive Options to the Directors (and/or their nominees) for no cash consideration in recognition of their services to the Company and to further incentivise their performance and up to 500,000 Incentive Options to the Company Secretary, Tim Slate (and/or their nominees), for no cash consideration in recognition of Mr Slate's services to the Company and to further incentivise his performance.

About Eumeralla Resources Ltd

Eumeralla is an emerging ASX-listed (ASX:EUM) metals explorer. The Company was listed on the ASX on 3 May 2012 for the primary purpose of acquiring and exploring mining projects initially in Mongolia and more recently, Myanmar. The company's strategic vision includes discovering commercially significant minerals deposits. In Mongolia, the license covers an area of 2,786 hectares and encompasses the historical Chuluun Khoroot tungsten mine, which was active during the period 1945-1955. The License area is located in NE Mongolia approximately 20 km north of the town of Dashbalbar, 850 km NE of Ulaanbaatar and 85 km NW of the Solowevsik-Choibalsan railway. In Myanmar, the company has three separate JV partners with applications pending for several mining leases. The biggest of which is a 400km² concession in Kayah State, which plays host to the historical Mawchi Tungsten mine. The Company's initial metal focus will be on tin and tungsten, although other commodities may be targeted in the future. Eumeralla is constantly assessing other projects throughout SEA with a view to add value to shareholders.

If approved, each of the Incentive Options will entitle the holder to one fully paid ordinary share in the Group. The 3,500,000 Incentive Options will be issued at no cash consideration, exercisable at \$0.045 on or before 31 Dec 2018 and will otherwise be issued on the terms set out in Annexure B.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue Equity Securities to a related party without the approval of holders of ordinary securities. Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

David Wheeler, Nicole Fernandes and James Hyndes are related parties of the Company by virtue of being Directors. Accordingly, Shareholder approval will be sought under Listing Rule 10.11 to permit the issue of the Incentive Options to the Directors.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Accordingly, the Company will seek approval for the issue of up to 500,000 Incentive Options for the purpose of satisfying the requirements of Listing Rule 7.1. If approved, the Incentive Options and the Shares issued upon any exercise of the Incentive Options will not affect the capacity of the Company to issue

Yours faithfully

Tim Slate
Company Secretary

ANNEXURE A – TERMS OF CORPORATE OPTIONS

The Corporate Options entitle the holder to subscribe for Shares on the terms and conditions set out below.

a) **Entitlement**

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

b) **Issue Price**

\$0.0025 each.

c) **Expiry Date**

Each Corporate Option will expire at 5.00pm (WST) on 31 December 2018 (**Expiry Date**).

d) **Exercise Price**

Each Corporate Option will have an exercise price equal to \$0.045 (**Exercise Price**).

e) **Exercise period and lapsing**

Subject to clause (j), Corporate Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Corporate Options will automatically lapse.

f) **Exercise Notice and payment**

Corporate Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Corporate Option being exercised. Any Exercise Notice for a Corporate Option received by the Company will be deemed to be a notice of the exercise of that Corporate Option as at the date of receipt. Cheques paid in connection with the exercise of Corporate Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

g) **Shares issued on exercise**

Shares issued on exercise of Corporate Options will rank equally in all respects with existing Shares on issue.

h) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Corporate Options.

i) **Timing of issue of Shares**

Subject to clause (j), within 5 Business Days after the later of the following:

- i. receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Corporate Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- ii. the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Corporate Option being exercised by the Company,

the Company will:

- iii. allot and issue the Shares pursuant to the exercise of the Corporate Options;
- iv. give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- v. apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Corporate Options.

j) Shareholder and regulatory approvals

Notwithstanding any other provision of these terms and conditions, exercise of Corporate Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Corporate Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Corporate Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Corporate Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Corporate Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

k) Participation in new issues

There are no participation rights or entitlements inherent in the Corporate Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Corporate Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four Business Days after the issue is announced. This is intended to give the holders of Corporate Options the opportunity to exercise their Corporate Options prior to the announced record date for determining entitlements to participate in any such issue.

l) Adjustment for bonus issues of Shares

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):

- i. the number of Shares which must be issued on the exercise of a Corporate Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Corporate Option before the record date for the bonus issue; and
- ii. no change will be made to the Exercise Price.

m) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

n) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

o) Quotation

The Company will not apply for quotation of the Corporate Options on ASX.

p) Transferability

Corporate Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company's sole discretion).

ANNEXURE B – TERMS OF INCENTIVE OPTIONS

The Incentive Options entitle the holder to subscribe for Shares on the terms and conditions set out below.

a) **Entitlement**

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

b) **Issue Price**

Nil.

c) **Expiry Date**

Each Incentive Option will expire at 5.00pm (WST) on 31 December 2018 (**Expiry Date**).

d) **Exercise Price**

Each Incentive Option will have an exercise price equal to \$0.045 (**Exercise Price**).

e) **Exercise period and lapsing**

Subject to clause (j), Incentive Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Incentive Options will automatically lapse.

f) **Exercise Notice and payment**

Incentive Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Incentive Option being exercised. Any Exercise Notice for a Incentive Option received by the Company will be deemed to be a notice of the exercise of that Incentive Option as at the date of receipt. Cheques paid in connection with the exercise of Incentive Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

g) **Shares issued on exercise**

Shares issued on exercise of Incentive Options will rank equally in all respects with existing Shares on issue.

h) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Incentive Options.

i) **Timing of issue of Shares**

Subject to clause (j), within 5 Business Days after the later of the following:

- i. receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Incentive Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- ii. the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Incentive Option being exercised by the Company,

the Company will:

- iii. allot and issue the Shares pursuant to the exercise of the Incentive Options;
- iv. give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- v. apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Incentive Options.

j) Shareholder and regulatory approvals

Notwithstanding any other provision of these terms and conditions, exercise of Incentive Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Incentive Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Incentive Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Incentive Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Incentive Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

k) Participation in new issues

There are no participation rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four Business Days after the issue is announced. This is intended to give the holders of Incentive Options the opportunity to exercise their Incentive Options prior to the announced record date for determining entitlements to participate in any such issue.

l) Adjustment for bonus issues of Shares

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):

- i. the number of Shares which must be issued on the exercise of an Incentive Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Incentive Option before the record date for the bonus issue; and
- ii. no change will be made to the Exercise Price.

m) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

n) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

o) Quotation

The Company will not apply for quotation of the Incentive Options on ASX.

p) Transferability

Incentive Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company's sole discretion).

q) Cashless Exercise Facility

- (i) A holder may, subject to clause (iii) below, elect to pay the Exercise Price for an Incentive Option by setting off the Exercise Price against the number of Shares which it is entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off.
- (ii) If a holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Incentive Options on the Incentive Options being

exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average of the prices at which Shares were traded on the ASX during the one week period immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = O \times \frac{MSP - EP}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options

O = Number of Options

MSP = Market value of the Shares (calculated using the volume weighted average of the prices at which Shares were traded on the ASX during the one week period immediately preceding the exercise date)

EP = Option exercise price

- (iii) If the difference between the total Exercise Price otherwise payable for the Incentive Options on the Incentive Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with paragraph (ii)) is zero or negative, then a holder will not be entitled to use the Cashless Exercise Facility.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

EUMERALLA RESOURCES LIMITED

ABN

62 148 860 299

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | 1) Unlisted Options
2) Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1) 10,000,000
2) 3,500,000 – subject to shareholder approval. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1) Unlisted Options issued at \$0.0025 each, exercisable at \$0.045 on or before 31 December 2018.
2) Unlisted Options issued at no cash consideration, exercisable at \$0.045 on or before 31 December 2018. |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <p>) the date from which they do</p> <p>) the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</p> <p>) the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</p>	<p>No. Unlisted Options do not rank equally with existing fully paid ordinary securities from the date of issue and do not participate in any dividend, distribution or interest payment.</p>
		<p>The fully paid ordinary shares issued up exercise of the Unlisted Options (Shares), will rank equally in all respects with existing fully paid ordinary shares.</p>
5	Issue price or consideration	<p>1) \$0.0025 per Unlisted Option 2) Nil.</p>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>1) Funds will be applied towards funding the Company's general working capital requirements. 2) For services rendered and to further incentivise Directors and Company Secretary.</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p>	No
	<p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	N/A
6c	<p>Number of +securities issued without security holder approval under rule 7.1</p>	Nil
6d	<p>Number of +securities issued with security holder approval under rule 7.1A</p>	Nil

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil									
6f	Number of securities issued under an exception in rule 7.2	Nil									
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A									
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A									
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	1,374,841									
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	1) 3 November 2016 2) Upon shareholder approval									
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; vertical-align: top;">99,165,607</td> <td style="text-align: center; vertical-align: top;">Ordinary Shares (EUM)</td> </tr> </tbody> </table>	Number	+Class	99,165,607	Ordinary Shares (EUM)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; vertical-align: top;">99,165,607</td> <td style="text-align: center; vertical-align: top;">Ordinary Shares (EUM)</td> </tr> </tbody> </table>	Number	+Class	99,165,607	Ordinary Shares (EUM)
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99,165,607	Ordinary Shares (EUM)										
Number	+Class										
99,165,607	Ordinary Shares (EUM)										

+ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	Number	⁺ Class	
		10,000,000 Unlisted Options	Exercise Price \$0.045	Expiry 31/12/2018
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A		

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A

⁺ See chapter 19 for defined terms.

33 +Despatch date

N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

) The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

) There is no reason why those +securities should not be granted +quotation.

) An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

) Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

) If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Tim Slate
(Company secretary)

Date: 4 November 2016

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	46,666,168
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p style="text-align: right;">9,869,080 – Per Prospectus dated 5 April 2016</p> <p style="text-align: right;">42,630,359 – Shortfall Per Prospectus dated 5 April 2016</p> <p style="text-align: right;">Nil</p> <p style="text-align: right;">Nil</p>
<i>Subtract</i> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	99,165,607

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	14,874,841
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>10,000,000 Unlisted Options – exercisable at \$0.045 on or before 31 December 2018.</p> <p>3,500,000 Unlisted Options – subject to shareholder approval, exercisable at \$0.045 on or before 31 December 2018.</p>
“C”	13,500,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	14,874,841
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	13,500,000
Total [“A” x 0.15] – “C”	1,374,841 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.