

Terms of Exercise

The exercise price of each New Option is \$0.006 (**Exercise Price**).

The New Options will expire on 30 June 2018 (**Expiry Date**).

Subject to and conditional upon any adjustment in accordance with the conditions set out below, each New Option entitles the holder to subscribe for one fully paid Share upon payment of the Exercise Price prior to the Expiry Date.

The New Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company at any time on or after the date of issue and allotment of the New Options, on or before the Expiry Date.

On the valid exercise of the New Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then issued Shares.

Transferability

The New Options are transferable, however, will be unlisted.

Rights to participate

Holders of New Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide holders of New Options with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the New Options, in accordance with the requirements of the Listing Rules. Holders of New Options do not participate in any dividends unless the New Options have been exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend.

Reconstructions

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

(a) the number of New Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the 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 New Options which are not conferred on shareholders; and

(b) 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 New Options will remain unchanged.

Pro rata issues

If there is a pro rata issue (except a bonus issue), the Exercise Price may be reduced according to the following formula:

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

Where:

O_n = the new exercise price of the New Option;

O = the old exercise price of the New Option;

E = the number of underlying securities into which one New Option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex right date or the ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

Bonus issues

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the New Options is exercisable may be increased by the number of Shares which the holder of the New Options would have received if the New Options had been exercised before the record date for the bonus issue.

The terms of the New Options may only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the New Options must not be changed to reduce the Exercise Price, increase the number of New Options or change any period for exercise of the New Options.

Quotation

The Company will not make an application to ASX for quotation of the New Options. Application will be made for quotation of the Shares issued upon exercise of New Options.

NOTICE OF EXERCISE OF OPTION

To: Elementos Limited, C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

I / We.....

Name of Option holder/s (Please use block letters)

Registered address of Option holder/s (Please use block letters)

hereby exercise my options to apply for (number in words) (in figures)

fully paid ordinary shares in the capital of Elementos Ltd and I/we enclose my/our cheque for \$..... in payment of such shares at \$0.006 per option subscription. I/we request that you allot me/us on the share register the number of shares to which I am/we are entitled and I/we agree to accept such shares subject to the Company's Constitution.

PLEASE SIGN HERE:

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director & Sole Company Secretary

Director

Director / Company Secretary

Business Telephone No. () Date