



KAGERA NICKEL LIMITED

Terms and Conditions of Options

Options - Taylor Collison Limited – 40 cent Options

The exercise price of each Option is \$0.40 cash.

Any Shares issued pursuant to the exercise of any of the Options will be issued on the same terms as the other existing fully paid Shares, and will rank in all respects on equal terms with the other existing fully paid Shares.

The Options are exercisable at any time after the date of grant and prior to the expiry date which is 5 years after the date grant.

An Option will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.

Some or all of the Options may be exercised at any one time or times prior to the expiry date provided that no less than 10,000 Options are exercised at any one time.

The Options are not transferable and accordingly will not be listed.

Should the Company reorganise its capital then the number of Options and the exercise price will be reconstructed in the same proportion to ensure that the holder of the Option will not receive a benefit or suffer a detriment which is not conferred upon or suffered by holders of Shares.

Options Directors of the Company – current and outgoing – 20 cent Options

The exercise price of each Option is \$0.40 cash.

Any Shares issued pursuant to the exercise of any of the Options will be issued on the same terms as the other existing fully paid Shares, and will rank in all respects on equal terms with the other existing fully paid Shares.

The Options are exercisable at any time after the date of grant and prior to the expiry date which is 5 years after the date grant.

An Option will not entitle the holder to participate in any new issue of Shares by the Company unless it has been exercised prior to the relevant record date.

Some or all of the Options may be exercised at any one time or times prior to the expiry date provided that no less than 10,000 Options are exercised at any one time.

The Options are not transferable and accordingly will not be listed.

Should the Company reorganise its capital then the number of Options and the exercise price will be reconstructed in the same proportion to ensure that the holder of the Option will not receive a benefit or suffer a detriment which is not conferred upon or suffered by holders of Shares.

Options issued to Advisers - 20 Cent Options

The Options held by the Optionholder are exercisable in whole or in part at any time during the period of four years after the date of grant (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.

Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of \$0.20 each in cleared funds.

The Company will not apply for official quotation on ASX of the Options. The Company will make application for official quotation on ASX of new Shares allotted on exercise of the Options. Those Shares will participate equally in all respects with existing issued Shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.

An Optionholder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

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

If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

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

Where:

- A = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying Shares into which one Option is exercisable;
- P = the average closing sale price per Share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
- S = the subscription price for a security under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

Options - incoming Director - 20 cent Options

The Options held by the Optionholder are exercisable in whole or in part at any time during the period of four years after the date of Completion of the Acquisition ("**Exercise Period**"). Options not exercised before the expiry of the Exercise Period will lapse.

Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of \$0.20 each in cleared funds.

The Company will not apply for official quotation on ASX of the Options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those

shares will participate equally in all respects with existing issued Shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.

An Optionholder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

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

If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

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

Where:

- A = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying Shares into which one Option is exercisable;
- P = the average closing sale price per Share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
- S = the subscription price for a security under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.