



The terms and conditions of the options issued to seed capital investors are as follows:

- (a) Each Option entitles the holder to subscribe for and be allotted one Share at an issue price of 20 cents.
- (b) The Options are exercisable at any time prior to 5.00 pm WST time on 31 December 2015 by notice in writing to the Company accompanied by payment of the exercise price.
- (c) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable. Application will not be made to ASX for official quotation of the Options.
- (d) Shares will be allotted and issued pursuant to the exercise of Options following receipt of a properly executed notice of exercise of the Options and payment of the requisite application monies.
- (e) Shares issued upon exercise of the Options will rank equally in all respects with the other quoted Shares then on issue. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options, subject to the requirements of the Listing Rules.
- (f) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes for determining entitlements to any such issue, the record date will be the date as is prescribed by the Listing Rules. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (g) In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Options can be exercised.
- (h) In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the expiry date, the rights of the optionholder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- (i) The Company will as required by the Listing Rules send notice to the optionholders stating the name of the optionholder, the number of the Options held and the number of Shares to be issued on exercise of the Options, the exercise price, the due date for payment, and the consequence of non-payment.

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The terms and conditions of the options offered under the Priority Offer to shareholders of Groote Resources Limited and Public Offer to public investors pursuant to the Prospectus dated 26 May 2011 are as follows:

The Options entitle the holder to subscribe for Shares on the following terms:

- (a) each Option is exercisable on or before 5.00 pm Perth time on 30 June 2014;
- (b) The Options held by each holder can be exercised in whole or in part, and if exercised in part multiples of 500 must be exercised on each occasion;
- (c) The exercise price of each Option is 20 cents in cash;
- (d) The Optionholder will be permitted to participate in any new pro-rata issue of securities of the Company on prior exercise of the Options in which case the Optionholder will be afforded the period of at least the time prescribed under the Listing Rules prior to and inclusive of the record date to determine entitlements to the issue to exercise the Options;
- (e) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;
- (f) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on Optionholders which are not conferred on Shareholders;
- (g) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of the Options so that, upon exercise of the Options the number of Shares received by the Optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issues;
- (h) Application will be made for the Options to be granted quotation by ASX;
- (i) Subject to paragraph (g) above the Options do not confer on the holder any right to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised.

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In accordance with terms of an advisory mandate, Azure Capital Limited ("Azure") and its nominees have been issued and allotted 2 million Lead Manager options.

The terms and conditions of the Lead Manager options are as follows:

- (a) Each Option entitles the holder to subscribe for and be allotted one Share at an issue price of 20 cents.
- (b) The Options are exercisable at any time prior to 5.00 pm WST time on 31 December 2015 by notice in writing to the Company accompanied by payment of the exercise price.
- (c) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable. Application will not be made to ASX for official quotation of the Options.
- (d) Shares will be allotted and issued pursuant to the exercise of Options following receipt of a properly executed notice of exercise of the Options and payment of the requisite application monies.
- (e) Shares issued upon exercise of the Options will rank equally in all respects with the other quoted Shares then on issue. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options, subject to the requirements of the Listing Rules.
- (f) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes for determining entitlements to any such issue, the record date will be the date as is prescribed by the Listing Rules. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (g) In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Options can be exercised.
- (h) In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the expiry date, the rights of the optionholder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- (i) The Company will as required by the Listing Rules send notice to the optionholders stating the name of the optionholder, the number of the Options held and the number of Shares to be issued on exercise of the Options, the exercise price, the due date for payment, and the consequence of non-payment.

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