Terms and Conditions of the Options

The material terms and conditions of the Options are as follows:

(a) each Option entitles the holder, when exercised, to one (1) Share;

(b) The Options may only be exercised at the following times and subject to the following requirements:

 (i) 50% of the Options may be exercised when the Company is successfully admitted to the Official List of ASX and shall expire on 31 October 2006; and

 (ii) 50% of the Options may be exercised upon the completion of the drilling program set for the Company's first year of operation from being admitted to the Official List of ASX and shall expire on 31 October 2006.

(c) the exercise price of the Options is $0.20;

(d) the Options are not transferable;

(e) subject to (b), the Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining;

(f) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Options will be unlisted;

(g) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Option holders will be notified of the proposed issue at least seven (7) Business Days before the record date of any proposed issue. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue;

(h) in the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules (if applicable); and

(i) in the event the Company makes a pro rata issue of securities, the exercise price of the Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).