

**OVERLAND RESOURCES LIMITED
ACN 114 187 978**

TERMS AND CONDITIONS OF OPTIONS

Options to be issued to KTM Capital Pty Ltd

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

- (a) the Options will be exercisable at any time prior to 5.00pm WST on 31 December 2011 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;
- (b) the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- (c) each Option will entitle the holder to subscribe (in respect of each Option held) for a Share with an exercise price of 20 cents;
- (d) the Options will not be quoted on ASX;
- (e) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares;
- (f) the Company will apply to ASX to have the Shares granted Official Quotation;
- (g) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;
- (h) any Notice of Exercise received by the Company's share registry on or prior to the Expiry Date will be deemed to be a Notice of Exercise as at the last business day of the month in which such notice is received;
- (i) there will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of Options will be notified by the Company and will be afforded 7 business days before the record date (to determine entitlements to the issue), to exercise Options;
- (j) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the ASX Listing Rules;
- (k) subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Options may be transferred at any time prior to the Expiry Date; and
- (l) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.