MOBILARM®

ALWAYS ON WATCH

15th September 2010

Australian Stock Exchange
ASX Compliance
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

To whom it may concern:

Re: Item 2.2.6 – Full terms of the unquoted options on issue.

The Company has enclosed the terms of unquoted options on issue. The Company has 6,616,000 options on issue. All options have a strike price of $0.20, and a three years expiry term. All options are under escrow as disclosed in item 2.2.9.

See the attached term sheets for the two rounds of options issued.

Lindsay Lyon
Chief Executive Officer
Mobilarm Limited

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Terms and Conditions of Options issued on 28 February 2010

(a) Subject to any ASX restrictions, the Options are freely transferable.

(b) Each Option will lapse if not exercised on or before its expiry date. The expiry date will be the date 3 years from the issue of the Options. The expiry date is 28 February 2013.

(c) The exercise price of the Options is $0.20 ("Exercise Price"). Each Option shall entitle the holder to subscribe for and to be allotted one ordinary fully paid share ("Share") in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.

(d) An Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the Option, to the Company's Share Registry. If the option holder holds more than one Option, the Options may be exercised in whole or in part.

(e) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.

(f) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys the number of shares specified in the notice will be allotted.

(g) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the option holder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the Options held and not yet exercised.

(h) The period during which the Options may be exercised will not be extended.

(i) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue.

(j) If from time to time before the expiry of the Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it in addition to the shares which it is otherwise entitled to have issued to it upon such exercise additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") as if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.

(k) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder, will be reconstructed as appropriate in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.

(k) Shares allotted pursuant to exercise of the Options will rank equally with the then issued Shares of the Company.

(m) The Company will apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any Options within 10 business days of the date of allotment of those Shares.

(n) Other than as referred to above, an Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

(o) If any of these terms are inconsistent with the ASX Listing Rules, these terms will be amended to the extent necessary to remove such inconsistency.

Terms and Conditions of Options issued as part of the IPO

(a) Subject to any ASX restrictions, the Options are freely transferable.

(b) Each Option will lapse if not exercised on or before its expiry date. The expiry date will be the date 3 years from the issue of the Options. The expiry date is three years from the date that the Company's ordinary shares are quoted on the ASX.

(c) The exercise price of the Options is $0.20 ("Exercise Price"). Each Option shall entitle the holder to subscribe for and to be allotted one ordinary fully paid share ("Share") in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.

(d) An Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the Option, to the Company's Share Registry. If the option holder holds more than one Option, the Options may be exercised in whole or in part.

(e) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.

(f) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys the number of shares specified in the notice will be allotted.

(g) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the option holder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the Options held and not yet exercised.

(h) The period during which the Options may be exercised will not be extended.

(i) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue.

(j) If from time to time before the expiry of the Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it in addition to the shares which it is otherwise entitled to have issued to it upon such exercise additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") as if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.

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