

24 February 2021

STATEMENT OF CONFIRMATIONS

Peppermint Innovation Limited (ACN 125 931 964) (**Company**) provides the following confirmations to satisfy conditions for re-instatement of the Company's securities to quotation on ASX.

Capitalised terms in this announcement have the same meaning as given under the Company's prospectus dated 29 January 2021 (**Prospectus**) unless the context otherwise requires.

1. COMPLETION OF OFFER

The Company confirms that all conditions to the Mandate Funding Offer under the Prospectus have been satisfied and the Company has issued 250,000,000 fully paid ordinary shares (**Shares**) at an issue price of \$0.01 per Share to raise \$2,500,000.

The Company also confirms that it has issued 40,000,000 Options on 12 February 2021, comprising:

- (i) 20,000,000 Options exercisable at \$0.015 each; and
- (ii) 20,000,000 Options exercisable at \$0.025 each,

on or before the date which is 3 years from the date of their issue.

2. ISSUE OF SECURITIES

The Company also confirms that it has issued 50,000,000 Shares issued at an issue price of \$0.01 per Share to raise \$500,000 (the "Interim Funding" Offer).

3. CAPITAL RAISING

The Company confirms that the Capital Raising has completed and that the Company has raised the funds pursuant to the Capital Raising.

4. WORKING CAPITAL

The Board confirms that it believes that the funds raised from the Mandate Funding Offer, combined with existing funds, will provide the Company with sufficient working capital at anticipated expenditure levels to carry out its proposed business activities.

5. NO IMPEDIMENTS

The Company confirms that there are no legal, regulatory or contractual impediments to PIL undertaking the activities the subject of the commitments disclosed in the Prospectus.

6. COMPLIANCE WITH LISTING RULE 3.1

The Company confirms that PIL is in compliance with the Listing Rules. In particular, the Company confirms that it is in compliance with Listing Rule 3.1.

7. PRO FORMA BALANCE SHEET

	Note	Audited 30-Jun-20 \$	Subsequent events Unaudited 30-Jun-20 \$	Maximum Pro forma adjustments Unaudited 30-Jun-20 \$	Maximum Pro forma Unaudited 30-Jun-20 \$
Assets					
Current assets					
Cash and cash equivalents	10.8(a)	261,426	905,000	2,301,364	3,467,790
Trade and other receivables		124,891	-	-	124,891
Inventory		51,611	-	-	51,611
Total current assets		437,928	905,000	2,301,364	3,644,292
Non-current assets					
Plant and equipment		2,581	-	-	2,581
Total non-current assets		2,581	-	-	2,581
Total assets		440,509	905,000	2,301,364	3,646,873
Liabilities					
Current liabilities					
Trade and other payables		488,789	-	-	488,789
Provisions		152,737	-	-	152,737
Total current liabilities		641,526	-	-	641,526
Non-current liabilities					
Financial liabilities		787,441	-	-	787,441
Total non-current liabilities		787,441	-	-	787,441
Total liabilities		1,428,967	-	-	1,428,967
Net assets		(988,458)	905,000	2,301,364	2,217,906
Equity					
Issued capital	10.8(b)	13,679,095	905,000	2,175,675	16,759,770
Accumulated losses	10.8(c)	(15,952,896)	284,000	(42,311)	(15,711,207)
Reserves	10.8(d)	1,285,343	(284,000)	168,000	1,169,343
Total equity		(988,458)	905,000	2,301,364	2,217,906

8. STATEMENT OF CAPITAL STRUCTURE

The capital structure of the Company following the Prospectus is set out below, further details of which are set out in the Prospectus.

SHARES

Shares	Number
Shares currently on issue	1,133,504,463
Shares to be issued under the Mandate Funding Offer	250,000,000
Shares to be issued under the Options Offer	Nil
Total Shares on issue on completion of the Offers	1,383,504,463

OPTIONS

Options	Number
Unlisted Options exercisable at \$0.014 each on or before 20 May 2021 ¹	30,000,000
Unlisted Options exercisable at \$0.01 each on or before 30 May 2021 ²	35,000,000

Unlisted Options exercisable at \$0.01 each on or before 31 March 2021 ³	39,000,000
Unlisted Options exercisable at \$0.01 each on or before 31 December 2021 ⁴	35,000,000
Unlisted Options exercisable at \$0.01 each, on or before 31 March 2021 (in respect of which the Company obtained for the issue at the recent AGM held on 25 January 2021) ³	40,500,000
Unlisted Options, being free attaching options to previously issued placement Shares, exercisable at \$0.01 each, on or before 31 December 2021 (in respect of which the Company obtained for the issue at the recent AGM held on 25 January 2021) ⁴	50,000,000
Options to be issued under the Options Offer ⁵	40,000,000
Total Options on issue on completion of the Offers	234,500,000

For the full terms and conditions of each of the above options, please refer to Item 9 of this announcement, specifically, refer to the following Schedules:

Notes:

1. Refer to Schedule A.
2. Refer to Schedule B.
3. Refer to Schedule C.
4. Refer to Schedule D.
5. Refer to Schedule E.

CONVERTIBLE NOTES

Convertible Notes	Number
Convertible Notes currently on issue	1,673,358
Convertible Notes offered pursuant to the Offer	Nil
Total Convertible Notes on issue after completion of the Offer	1,673,358

SCHEDULE A

(a) **Grant of Options**

The Company must issue, and the Option Holder accepts, twenty (20) Options for every one (1) dollar drawn down by the Company from Caason pursuant to the Option Deed within 3 Business Days after that dollar is drawn down by the Company.

(b) **Exercise Price**

Subject to paragraph (a), the amount payable upon exercise of each Option will be \$0.014 (**Exercise Price**).

(a) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 20 May 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Option Holder to be a member**

The Option Holder irrevocably and unconditionally consents to be a member of the Company and agrees to be bound by the constitution of the Company, the Corporations Act and the Listing Rules.

(d) **Acknowledgement**

Despite any other provision in this Deed, the Option Holder acknowledges and agrees that the Options will not be granted or exercisable if it would result in the Option Holder having a relevant interest (as that term is defined in the Corporations Act) in the Company that is equal to or greater than 20% of the issued capital of the Company.

(e) **Exercise Period**

The Option Holder may exercise the Options at any time during the Exercise Period.

(f) **Exercise Notice**

The Option Holder may exercise an Option by delivering to the Company an Exercise Notice duly executed by the Option Holder.

(g) **Exercise Completion Date**

The date for completion of the issue of the Option Shares by the Company to the Option Holder will be determined by the Company in its absolute discretion provided that completion must not occur any later than 5 Business Days after the Exercise Date (**Exercise Completion Date**).

(h) **Exercise Notice is irrevocable**

An Exercise Notice is irrevocable and only effective and deemed to have been received on the occurrence of both of the following:

- (i) the Company receives the Exercise Notice; and
- (ii) the Company receives payment of the Exercise Price for each Option being exercised in cleared funds.

(i) **Completion**

The Option Holder must pay the Exercise Price to the Company on or around the same time as providing the Exercise Notice to the Company by way of bank cheque payable to the Company or electronic funds transfer of immediately available funds to an account nominated by the Company in full satisfaction of the Exercise Price for the Option.

The Option Holder must, prior to the Exercise Completion Date, deliver to the Company an executed application for the Option Shares in the Company if requested by the Company.

The Company must on the Exercise Completion Date:

- (i) issue to the Option Holder the Option Shares in respect of the Options exercised by the Option Holder; and
- (ii) issue, or procure the issue of, a holding statement in respect of the Option Shares issued to the Option Holder under clause (i).

(j) **Ranking**

The Option Shares allotted following exercise of an Option must rank pari passu and form one class with the other ordinary shares of the Company on issue on the Exercise Completion Date.

(k) **Application for quotation**

The Company must apply for official quotation of the Option Shares allotted pursuant to the exercise of Options within 3 Business Days after the allotment of those Option Shares.

(l) **Cleansing Notice**

The Company must take all reasonable steps within its power to ensure that the Option Shares are freely tradeable and transferable on ASX (including, to the extent permitted by law, by issuing a Cleansing Notice (if required), promptly but in no event later than 3 Business Days after the Exercise Completion Date.

(m) **Placement Capacity**

The Company represents and warrants to the Option Holder that the Company does not require shareholder approval under the Listing Rules to issue the Options to the Option Holder in accordance with the terms of this Deed.

(n) **Rights attaching to Shares**

Shares issued pursuant to the exercise of an Option rank pari passu in all respect with all other issued Shares of the Company.

(o) **Listing of Shares**

If the Shares are listed on the ASX at the time of the exercise of the Options, then the Company must use its best endeavours to have the Option Shares issued pursuant to the exercise of an Option listed on the ASX within 5 days of the Exercise Date.

(p) **Interest in Shares:**

The Option Holder has no interest in the Shares the subject of the Option Holder's Options until those Options are exercised in accordance with this Deed and the Shares are allotted to the Option Holder pursuant to the exercise.

(q) **Reorganisations**

The following rules apply in relation to the way each Option is treated if the Company reorganises its capital prior to the Option Expiry Date, provided that the rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and Listing Rules applying to a reorganisation of capital at the time of the reorganisation:

- (i) in a consolidation of capital, the number of Options will be consolidated in the same ratio as the ordinary capital and the applicable exercise price will be amended in inverse proportion to that ratio;
- (ii) in a sub-division of capital, the number of Options will be sub-divided in the same ratio as the ordinary capital and the applicable exercise price will be amended in inverse proportion to that ratio;
- (iii) in a return of capital the number of Options will remain the same, and the applicable exercise price of each Option will be reduced by the same amount as the amount returned in relation to each Option Share;
- (iv) in a reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no ordinary shares of the Company are cancelled the number of Options and the applicable exercise price will remain unaltered;
- (v) in a pro rata cancellation of capital, the number of Options must be reduced in the same ratio as the ordinary capital and the applicable exercise price of each Option will be amended in inverse proportion to that ratio; and
- (vi) in any other case, the number of Options or the applicable exercise price (or both) will be reorganised so that the Option Holder will not have received a benefit that holders of ordinary shares of the Company do not receive. This does not prevent a rounding up of the number of Option Shares to be received on the exercise if the rounding up is approved at the shareholders meeting which approves the reorganisation.

(r) **Rights of the Option Holder**

The Option Holder is not legally or beneficially entitled to any rights to any dividend or other income distribution that would attach or arise in relation to the Option Shares until the Option Shares are issued on the Exercise Completion Date.

The Option Holder has no rights to change the Exercise Price or the number of Option Shares.

The Option Holder acknowledges and agrees that the terms of the Option may be changed to the extent necessary to comply with the Listing Rules.

If at any time during the Exercise Period the Company makes an offer to holders of ordinary shares in the Company:

- (i) to subscribe for ordinary shares in the Company or other securities in the Company (whether by way of renounceable or non-renounceable rights or otherwise); or
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- (ii) a like offer to purchase or subscribe for securities of any other corporation,
- (iii) the Option Holder will only be entitled to such offer if Exercise Completion has occurred prior to the record date for such offer. The Company shall give the Option Holder notice of the proposed offer a minimum of 7 Business Days before the record date for such offer.

(s) **Lapsing of Options**

The Options will lapse, and no longer be capable of being exercised, at 5:00pm (AEST) on the Expiry Date.

(t) **Company Covenants**

The Company covenants to the Option Holder that it will do all things within their control or responsibility to give effect to:

- (i) the exercise of the Options by the Option Holder; and
- (ii) this Deed generally;
- (iii) provided that nothing under this clause (s) shall be taken to impose an obligation on the Company to perform an obligation of any Option Holder.

(u) **Option Holder Covenants**

In consideration of the Company granting the Options to the Option Holder, if the Option Holder exercises the Options then the Option Holder will provide the Company with such reasonable assistance that the Company requires to give effect to the issue of Option Shares to the Option Holder provided that nothing under this clause (t) shall be taken to impose an obligation on the Option Holder to perform an obligation of the Company.

SCHEDULE B

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 May 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE C

(a) **Exercise Price**

Subject to paragraph (o), the amount payable upon exercise of each Option will be \$0.01 (the **Exercise Price**).

(b) **"Option Holder" to be a member**

The Option Holder irrevocably and unconditionally consents to be a member of the Company and agrees to be bound by the constitution of the Company, the Corporations Act and the Listing Rules.

(c) **Acknowledgement**

Despite any other provision in this Deed, the Option Holder acknowledges and agrees that the Options will not be granted or exercisable if it would result in the Option Holder having a relevant interest (as that term is defined in the Corporations Act) in the Company that is equal to or greater than 20% of the issued capital of the Company.

(d) **Exercise Period**

The Option Holder may exercise the Options at any time on or before 31 March 2021.

(e) **Exercise Notice**

The Option Holder may exercise an Option by delivering to the Company notice in writing (**Exercise Notice**) duly executed by the Option Holder stating that it wishes to exercise the Option and receive a fully paid ordinary share in the Company (Option Share).

(f) **Exercise Completion Date**

The date for completion of the issue of the Option Shares by the Company to the Option Holder will be determined by the Company in its absolute discretion provided that completion must not occur any later than 5 Business Days after the Exercise Date (**Exercise Completion Date**).

(g) **Exercise Notice is irrevocable**

An Exercise Notice is irrevocable and only effective and deemed to have been received on the occurrence of both of the following:

- (i) the Company receives the Exercise Notice; and
- (ii) the Company receives payment of the Exercise Price for each Option being exercised in cleared funds.

(h) **Completion**

The Option Holder must pay the Exercise Price to the Company on or around the same time as providing the Exercise Notice to the Company by way of bank cheque payable to the Company or electronic funds transfer of immediately available funds to an account nominated by the Company in full satisfaction of the exercise price for the Option (Exercise Price).

The Option Holder must, prior to the Exercise Completion Date, deliver to the Company an executed application for the Option Shares in the Company if requested by the Company.

The Company must on the Exercise Completion Date:

- (i) issue to the Option Holder the Option Shares in respect of the Options exercised by the Option Holder; and
- (ii) issue, or procure the issue of, a holding statement in respect of the Option Shares issued to the Option Holder.

(i) **Ranking**

The Option Shares allotted following exercise of an Option must rank pari passu and form one class with the other ordinary shares of the Company on issue on the Exercise Completion Date.

(j) **Application for quotation**

After quotation of the Company securities has been reinstated by the ASX, the Company will be obliged to apply for official quotation of the Option Shares allotted pursuant to the exercise of Options immediately or within 5 Business Days after the allotment of those Option Shares, whichever is the later.

(k) **Cleansing Notice**

The Company must take all reasonable steps within its power to ensure that the Option Shares are freely tradeable and transferable on ASX (including, to the extent permitted by law, by issuing a Cleansing Notice (if required), promptly but in no event later than 5 Business Days after the Exercise Completion Date.

(l) **Placement Capacity**

The Company represents and warrants to the Option Holder that the Company does not require shareholder approval under the Listing Rules (including, but not limited to, under Chapter 7 of the Listing Rules) to issue the Options to the Option Holder in accordance with the terms of this Deed.

(m) **Rights attaching to Shares**

Shares issued pursuant to the exercise of an Option rank pari passu in all respect with all other issued Shares of the Company.

(n) **Interest in Shares**

The Option Holder has no interest in the Shares the subject of the Option Holder's Options until those Options are exercised in accordance with these terms and the Shares are allotted to the Option Holder pursuant to the exercise.

(o) **Reorganisations**

The following rules apply in relation to the way each Option is treated if the Company reorganises its capital prior to the Option Expiry Date, provided that the rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and Listing Rules applying to a reorganisation of capital at the time of the reorganisation:

- (i) in a consolidation of capital, the number of Options will be consolidated in the same ratio as the ordinary capital and the applicable exercise price will be amended in inverse proportion to that ratio;
- (ii) in a sub-division of capital, the number of Options will be sub-divided in the same ratio as the ordinary capital and the applicable exercise price will be amended in inverse proportion to that ratio;
- (iii) in a return of capital the number of Options will remain the same, and the applicable exercise price of each Option will be reduced by the same amount as the amount returned in relation to each Option Share;
- (iv) in a reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no ordinary shares of the Company are cancelled the number of Options and the applicable exercise price will remain unaltered;
- (v) In a pro rata cancellation of capital, the number of Options must be reduced in the same ratio as the ordinary capital and the applicable exercise price of each Option will be amended in inverse proportion to that ratio; and
- (vi) in any other case, the number of Options or the applicable exercise price (or both) will be reorganised so that the Option Holder will not have received a benefit that holders of ordinary shares of the Company do not receive. This does not prevent a rounding up of the number of Option Shares to be received on the exercise if the rounding up is approved at the shareholders meeting which approves the reorganisation.

(p) **Rights of the Option Holder**

The Option Holder is not legally or beneficially entitled to any rights to any dividend or other income distribution that would attach or arise in relation to the Option Shares until the Option Shares are issued on the Exercise Completion Date.

The Option Holder has no rights to change the Exercise Price or the number of Option Shares.

The Option Holder acknowledges and agrees that the terms of the Option may be changed to the extent necessary to comply with the Listing Rules.

If at any time during the Exercise Period the Company makes an offer to holders of ordinary shares in the Company:

- (i) to subscribe for ordinary shares in the Company or other securities in the Company (whether by way of renounceable or non-renounceable rights or otherwise); or
- (ii) a like offer to purchase or subscribe for securities of any other corporation,
- (iii) the Option Holder will only be entitled to such offer if Exercise Completion has occurred prior to the record date for such offer. The Company shall give the Option Holder notice of the proposed offer a minimum of 7 Business Days before the record date for such offer.

(q) **Lapsing of Options**

The Options will lapse, and no longer be capable of being exercised, at 5:00pm (WST) on 31 March 2021.

(r) **Company Covenants**

The Company covenants to the Option Holder that it will do all things within their control or responsibility to give effect to:

- (i) the exercise of the Options by the Option Holder; and
- (ii) provided that nothing under this clause shall be taken to impose an obligation on the Company to perform an obligation of any Option Holder.

(s) **Option Holder Covenants**

In consideration of the Company granting the Options to the Option Holder, if the Option Holder exercises the Options then the Option Holder will provide the Company with such reasonable assistance that the Company requires to give effect to the issue of Option Shares to the Option Holder provided that nothing under this clause shall be taken to impose an obligation on the Option Holder to perform an obligation of the Company.

SCHEDULE D

(a) **“Option Holder” to be a member**

The Option Holder irrevocably and unconditionally consents to be a member of the Company and agrees to be bound by the constitution of the Company, the Corporations Act and the Listing Rules.

(b) **Acknowledgement**

Despite any other provision in this Deed, the Option Holder acknowledges and agrees that the Options will not be granted or exercisable if it would result in the Option Holder having a relevant interest (as that term is defined in the Corporations Act) in the Company that is equal to or greater than 20% of the issued capital of the Company.

(c) **Exercise Price**

Subject to paragraph (o), the amount payable upon exercise of each Option will be \$0.01 (the **Exercise Price**).

(d) **Exercise Period**

The Option Holder may exercise the Options at any time on or before 31 December 2021.

(e) **Exercise Notice**

The Option Holder may exercise an Option by delivering to the Company notice in writing (**Exercise Notice**) duly executed by the Option Holder stating that it wishes to exercise the Option and receive a fully paid ordinary share in the Company (**Option Share**).

(f) **Exercise Completion Date**

The date for completion of the issue of the Option Shares by the Company to the Option Holder will be determined by the Company in its absolute discretion provided that completion must not occur any later than 5 Business Days after the Exercise Date (**Exercise Completion Date**).

(g) **Exercise Notice is irrevocable**

An Exercise Notice is irrevocable and only effective and deemed to have been received on the occurrence of both of the following:

- (i) the Company receives the Exercise Notice; and
- (ii) the Company receives payment of the Exercise Price for each Option being exercised in cleared funds.

(h) **Completion**

The Option Holder must pay the Exercise Price to the Company on or around the same time as providing the Exercise Notice to the Company by way of bank cheque payable to the Company or electronic funds transfer of immediately available funds to an account nominated by the Company in full satisfaction of the exercise price for the Option (Exercise Price).

The Option Holder must, prior to the Exercise Completion Date, deliver to the Company an executed application for the Option Shares in the Company if requested by the Company.

The Company must on the Exercise Completion Date:

- (i) issue to the Option Holder the Option Shares in respect of the Options exercised by the Option Holder; and
- (ii) issue, or procure the issue of, a holding statement in respect of the Option Shares issued to the Option Holder.

(i) **Ranking**

The Option Shares allotted following exercise of an Option must rank pari passu and form one class with the other ordinary shares of the Company on issue on the Exercise Completion Date.

(j) **Application for quotation**

After quotation of the Company securities has been reinstated by the ASX, the Company will be obliged to apply for official quotation of the Option Shares allotted pursuant to the exercise of Options immediately or within 5 Business Days after the allotment of those Option Shares, whichever is the later.

(k) **Cleansing Notice**

The Company must take all reasonable steps within its power to ensure that the Option Shares are freely tradeable and transferable on ASX (including, to the extent permitted by law, by issuing a Cleansing Notice (if required), promptly but in no event later than 5 Business Days after the Exercise Completion Date.

(l) **Placement Capacity**

The Company represents and warrants to the Option Holder that the Company does not require shareholder approval under the Listing Rules (including, but not limited to, under Chapter 7 of the Listing Rules) to issue the Options to the Option Holder in accordance with the terms of this Deed.

(m) **Rights attaching to Shares**

Shares issued pursuant to the exercise of an Option rank pari passu in all respect with all other issued Shares of the Company.

(n) **Interest in Shares**

The Option Holder has no interest in the Shares the subject of the Option Holder's Options until those Options are exercised in accordance with these terms and the Shares are allotted to the Option Holder pursuant to the exercise.

(o) **Reorganisations**

The following rules apply in relation to the way each Option is treated if the Company reorganises its capital prior to the Option Expiry Date, provided that the rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and Listing Rules applying to a reorganisation of capital at the time of the reorganisation:

- (i) in a consolidation of capital, the number of Options will be consolidated in the same ratio as the ordinary capital and the applicable exercise price will be amended in inverse proportion to that ratio;
- (ii) in a sub-division of capital, the number of Options will be sub-divided in the same ratio as the ordinary capital and the applicable exercise price will be amended in inverse proportion to that ratio;
- (iii) in a return of capital the number of Options will remain the same, and the applicable exercise price of each Option will be reduced by the same amount as the amount returned in relation to each Option Share;
- (iv) in a reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no ordinary shares of the Company are cancelled the number of Options and the applicable exercise price will remain unaltered;
- (v) in a pro rata cancellation of capital, the number of Options must be reduced in the same ratio as the ordinary capital and the applicable exercise price of each Option will be amended in inverse proportion to that ratio; and
- (vi) in any other case, the number of Options or the applicable exercise price (or both) will be reorganised so that the Option Holder will not have received a benefit that holders of ordinary shares of the Company do not receive. This does not prevent a rounding up of the number of Option Shares to be received on the exercise if the rounding up is approved at the shareholders meeting which approves the reorganisation.

(p) **Rights of the Option Holder**

The Option Holder is not legally or beneficially entitled to any rights to any dividend or other income distribution that would attach or arise in relation to the Option Shares until the Option Shares are issued on the Exercise Completion Date.

The Option Holder has no rights to change the Exercise Price or the number of Option Shares.

The Option Holder acknowledges and agrees that the terms of the Option may be changed to the extent necessary to comply with the Listing Rules.

If at any time during the Exercise Period the Company makes an offer to holders of ordinary shares in the Company:

- (i) to subscribe for ordinary shares in the Company or other securities in the Company (whether by way of renounceable or non-renounceable rights or otherwise); or
- (ii) a like offer to purchase or subscribe for securities of any other corporation,
- (iii) the Option Holder will only be entitled to such offer if Exercise Completion has occurred prior to the record date for such offer. The Company shall give the Option Holder notice of the proposed offer a minimum of 7 Business Days before the record date for such offer.

(q) **Lapsing of Options**

The Options will lapse, and no longer be capable of being exercised, at 5:00pm (WST) on 31 December 2021.

(r) **Company Covenants**

The Company covenants to the Option Holder that it will do all things within their control or responsibility to give effect to:

- (i) the exercise of the Options by the Option Holder; and
- (ii) provided that nothing under this clause shall be taken to impose an obligation on the Company to perform an obligation of any Option Holder.

(s) **Option Holder Covenants**

In consideration of the Company granting the Options to the Option Holder, if the Option Holder exercises the Options then the Option Holder will provide the Company with such reasonable assistance that the Company requires to give effect to the issue of Option Shares to the Option Holder provided that nothing under this clause shall be taken to impose an obligation on the Option Holder to perform an obligation of the Company.

SCHEDULE E

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be:

(i) \$0.015, in respect of 20,000,000 of the Options; and

(ii) \$0.025, in respect of 20,000,000 of the Options,

(each respectively, the **Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date which is 3 years from the date of issue (the **Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Quotation**

The Company will not apply for quotation of the Options.

For more information regarding this announcement please contact:

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Authorised for release by the board of Peppermint Innovation Limited
