

10 December 2021

ASX Announcement

The Hydration Pharmaceuticals Company – Option Summary & Terms of Issue

The following information is provided to ASX Limited by The Hydration Pharmaceuticals Company Limited (**Hydralyte North America or Company**) for release to the market in order to satisfy a condition of quotation that the Company provide to the market:

- a statement providing a summary of each class of option on issue and the number of options issued pursuant to each class; and
- the full terms and conditions of all of the options on issue and to be issued.

The table below provides a summary of the issued options. The terms of issue of the options are provided in the Annexures as marked.

Number of Options	Exercise Price	Expiry Date	Terms of Issue
Unescrowed options			
1,206,667	\$0.20	31 August 2024	Annexure A
666,667	\$0.23	31 August 2024	Annexure A
666,666	\$0.25	31 August 2024	Annexure A
580,000	\$0.29	31 August 2024	Annexure A
6,939,600	\$0.29	1 December 2026	Annexure B
600,000	\$0.29	31 August 2028	Annexure A
5,208,400	\$0.44	1 December 2026	Annexure B
5,208,400	\$0.58	1 December 2026	Annexure B
5,208,400	\$0.73	1 December 2026	Annexure B
7,474	\$0.45	10 January 2029	Annexure C
74,739	\$0.45	15 January 2029	Annexure C
134,531	\$0.45	16 January 2029	Annexure C
19,432	\$0.45	17 January 2029	Annexure C
178,767	\$0.45	21 January 2029	Annexure C
35,874	\$0.45	22 January 2029	Annexure C
351,275	\$0.45	23 January 2029	Annexure C
258,240	\$0.45	24 January 2029	Annexure C
956,664	\$1.34	14 September 2028	Annexure D
Escrowed options			
1,600,000	\$0.20	31 August 2024	Annexure E
2,000,000	\$0.29	1 December 2026	Annexure E
300,000	\$0.29	31 August 2024	Annexure E
1,500,000	\$0.5075	9 December 2024	Annexure F
1,500,000	\$0.6525	9 December 2024	Annexure F
2,594,951	\$0.45	13 January 2029	Annexure C

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Number of Options	Exercise Price	Expiry Date	Terms of Issue
179,375	\$0.45	30 April 2029	Annexure C
713,497	\$0.45	2 May 2029	Annexure C

The total number of unescrowed options is – 28,301,796

The total number of escrowed options is – 10,387,823

The total number of options is – 38,689,619

Set out below are Annexures A to F, which contain the terms of issue of the options.

Authorised for release by the Board of The Hydration Pharmaceuticals Company Limited

ANNEXURE A

Option Terms of Issue

Each option (**Option**) issued by The Hydration Pharmaceuticals Company Limited (**Company**) under these Option Terms entitles its holder to subscribe for one fully-paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

- (a) The Options are exercisable:
- (i) in respect of 1,206,667 options, at an exercise price of A\$0.20, at any time up to 31 August 2024;
 - (ii) in respect of 666,667 options, at an exercise price of A\$0.23, at any time up to 31 August 2024;
 - (iii) in respect of 666,666 options, at an exercise price of A\$0.25, at any time up to 31 August 2024;
 - (iv) in respect of 580,000 options, at an exercise price of A\$0.29, at any time up to 31 August 2024;
 - (v) in respect of 600,000 options, at an exercise price of \$A0.29, at any time up to 31 August 2028,
- and the period ending on the expiry date of the options is the **Option Exercise Period**. The Options are exercisable at any time after the 3 month anniversary of the Company's admission to the official list of the Australian Securities Exchange, subject to vesting.
- (b) Each class of Option issued under these Option Terms may have a different exercise price and Option Exercise Period, but otherwise each class of Option is an "Option" for the purposes of these Option Terms and is issued on the same terms.
- (c) Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- (d) Each Option entitles the holder to subscribe for, and be issued with, one Share.
- (e) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of the Shares issued on exercise of the Options.
- (f) The Company must give or cause to be given to each Option holder a certificate or holding statement stating:
- (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Exercise Period.
- (g) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (h) The Options are not transferable, unless the transfer is approved by the Company.
- (i) For such time as the Company is listed, the official listing rules of ASX (**Listing Rules**) will apply to the Options.
- (j) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options will rank equally with all other issued Shares from the date they are issued by the Company.

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- (k) An Option holder is not entitled to participate in any new issue of securities to existing shareholders of the Company (**Shareholders**) unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
 - (l) If the Company is listed on ASX, the Company must give the Option holder, if required to do so by the Listing Rules, notice of:
 - (i) the proposed terms of the issue or offer proposed under paragraph (k); and
 - (ii) the right to exercise the Option holder's Options under paragraph (k).
 - (m) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
 - (n) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Company may elect to reduce the exercise price of each Option in accordance with the Listing Rules.
 - (o) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 - (p) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
 - (q) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (m) to (o) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of the Options.
 - (r) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options Form (in a form approved by the Company, with the parties acknowledging that the Notice of Exercise of Options Form may be delivered by the Option holder to the Company by email), together with payment of the exercise monies payable to the Company in connection with the Options being exercised by:
 - (i) paying to the Company, in immediately available funds, an amount equal to the exercise price multiplied by the number of Options being exercised; or
 - (ii) cashless exercise, in which case the Option holder will be issued such number of Shares for each Option as is calculated according to the following formula:
$$(A-B) * X/A$$

Where:

A equals the closing price of Shares on ASX on the trading day immediately preceding the date of delivery of the Notice of Exercise of Options Form; and

B equals the exercise price of the Options; and

X equals the number of Shares issuable on exercise of the Options, assuming the Options were issued for cash.

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- (s) The Options are exercisable on any day other than a Saturday, Sunday public holiday or any other day that ASX declares is not a business day (Business Day) during the Option Exercise Period.
 - (t) An Option holder must only exercise a minimum of 100,000 Options, and thereafter in multiples of 10,000, unless an Option holder exercises all of its Options.
 - (u) If an Option holder exercises less than the total number of its Options, the Company must issue the Option holder a new holding statement for the remaining number of Options held by the Option holder.
 - (v) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraph (r) and (s). The Company shall within 10 Business Days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a holding statement to the holder in respect of the Shares so issued.
 - (w) The Company will apply to ASX for official quotation of the Shares issued on exercise of the Options on the date of issue of such Shares.
 - (x) If required by the Listing Rules to do so, the Company will advise an Option holder at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
 - (y) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of Victoria. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.

ANNEXURE B

Option Terms of Issue

Each option (**Option**) issued by the Company under these Option Terms entitles its holder to subscribe for one fully-paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

- (a) The Options are exercisable at:
- (i) in respect of 6,939,600 Options, at an exercise price of A\$0.29;
 - (ii) in respect of 5,208,400 Options, at an exercise price of A\$0.44;
 - (iii) in respect of 5,208,400 Options, at an exercise price of A\$0.58; and
 - (iv) in respect of 5,208,400 Options, at an exercise price of A\$0.73,
- at any time up to 1 December 2026 (**Option Exercise Period**).
- (b) Each class of Option issued under these Option Terms may have a different exercise price and different vesting conditions attaching to the class, but otherwise each class of Option is an "Option" for the purposes of these Option Terms and is issued on the same terms.
- (c) Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- (d) Each Option entitles the holder to subscribe for, and be issued with, one Share.
- (e) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of the Shares issued on exercise of the Options.
- (f) The Company must give or cause to be given to each Option holder a certificate or holding statement stating:
- (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Exercise Period.
- (g) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (h) The Options are not transferable, unless the transfer is approved by the Company.
- (i) For such time as the Company is listed, the official listing rules of ASX (**Listing Rules**) will apply to the Options.
- (j) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options will rank equally with all other issued Shares from the date they are issued by the Company.
- (k) An Option holder is not entitled to participate in any new issue of securities to existing shareholders of the Company (**Shareholders**) unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (l) If the Company is listed on ASX, the Company must give the Option holder, if required to do so by the Listing Rules, notice of:

- (i) the proposed terms of the issue or offer proposed under paragraph (k); and
- (ii) the right to exercise the Option holder's Options under paragraph (k).
- (m) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (n) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Company may elect to reduce the exercise price of each Option in accordance with the Listing Rules.
- (o) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (p) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (q) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (m) to (o) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of the Options.
- (r) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options Form (in a form approved by the Company, with the parties acknowledging that the Notice of Exercise of Options Form may be delivered by the Option holder to the Company by email), together with payment of the exercise monies payable to the Company in connection with the Options being exercised by:
- (i) paying to the Company, in immediately available funds, an amount equal to the exercise price multiplied by the number of Options being exercised; or
- (ii) cashless exercise, in which case the Option holder will be issued such number of Shares for each Option as is calculated according to the following formula:
- $$(A-B) * X/A$$
- Where:
- A** equals the closing price of Shares on ASX on the trading day immediately preceding the date of delivery of the Notice of Exercise of Options Form; and
- B** equals the exercise price of the Options; and
- X** equals the number of Shares issuable on exercise of the Options, assuming the Options were issued for cash.
- (s) The Options are exercisable on any day other than a Saturday, Sunday public holiday or any other day that ASX declares is not a business day (Business Day) during the Option Exercise Period.
- (t) An Option holder must only exercise a minimum of 100,000 Options, and thereafter in multiples of 10,000, unless an Option holder exercises all of its Options.

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- (u) If an Option holder exercises less than the total number of its Options, the Company must issue the Option holder a new holding statement for the remaining number of Options held by the Option holder.
 - (v) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraph (r) and (s). The Company shall within 10 Business Days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a holding statement to the holder in respect of the Shares so issued.
 - (w) The Company will apply to ASX for official quotation of the Shares issued on exercise of the Options on the date of issue of such Shares.
 - (x) If required by the Listing Rules to do so, the Company will advise an Option holder at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
 - (y) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of Victoria. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.

ANNEXURE C

Option Terms of Issue

Each option (**Option**) issued by the Company under these Option Terms entitles its holder to subscribe for one fully-paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

- (a) The Options are exercisable at \$0.45 at any time up to the date in January 2029 specified in the option holding statement (**Option Exercise Period**). Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- (b) Each Option entitles the holder to subscribe for, and be issued with, one Share.
- (c) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of the Shares issued on exercise of the Options.
- (d) The Company must give or cause to be given to each Option holder a certificate or holding statement stating:
 - (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Exercise Period.
- (e) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (f) The Options are not transferable, unless the transfer is approved by the Company.
- (g) For such time as the Company is listed, the official listing rules of ASX (**Listing Rules**) will apply to the Options.
- (h) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options will rank equally with all other issued Shares from the date they are issued by the Company.
- (i) An Option holder is not entitled to participate in any new issue of securities to existing shareholders of the Company (**Shareholders**) unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (j) If the Company is listed on ASX, the Company must give the Option holder, if required to do so by the Listing Rules, notice of:
 - (i) the proposed terms of the issue or offer proposed under paragraph (k); and
 - (ii) the right to exercise the Option holder's Options under paragraph (k).
- (k) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (l) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Company may elect to reduce the exercise price of each Option in accordance with the Listing Rules.

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- (m) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 - (n) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
 - (o) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (m) to (o) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of the Options.
 - (p) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options Form (in a form approved by the Company, with the parties acknowledging that the Notice of Exercise of Options Form may be delivered by the Option holder to the Company by email), together with payment of the exercise monies payable to the Company in connection with the Options being exercised by:
 - (i) paying to the Company, in immediately available funds, an amount equal to the exercise price multiplied by the number of Options being exercised; or
 - (ii) cashless exercise, in which case the Option holder will be issued such number of Shares for each Option as is calculated according to the following formula:
$$(A-B) * X/A$$

Where:

A equals the closing price of Shares on ASX on the trading day immediately preceeding the date of delivery of the Notice of Exercise of Options Form; and

B equals the exercise price of the Options; and

X equals the number of Shares issuable on exercise of the Options, assuming the Options were issued for cash.
 - (q) The Options are exercisable on any day other than a Saturday, Sunday public holiday or any other day that ASX declares is not a business day (Business Day) during the Option Exercise Period.
 - (r) An Option holder must only exercise a minimum of 100,000 Options, and thereafter in multiples of 10,000, unless an Option holder exercises all of its Options.
 - (s) If an Option holder exercises less than the total number of its Options, the Company must issue the Option holder a new holding statement for the remaining number of Options held by the Option holder.
 - (t) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraph (r) and (s). The Company shall within 10 Business Days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a holding statement to the holder in respect of the Shares so issued.
 - (u) The Company will apply to ASX for official quotation of the Shares issued on exercise of the Options on the date of issue of such Shares.
 - (v) If required by the Listing Rules to do so, the Company will advise an Option holder at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.

- (w) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of Victoria. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.

ANNEXURE D

Option Terms of Issue

Each option (**Option**) issued by the Company under these Option Terms entitles its holder to subscribe for one fully-paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

- (a) The Options are exercisable at \$1.34 at any time up to 14 September 2028 (**Option Exercise Period**). Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- (b) Each Option entitles the holder to subscribe for, and be issued with, one Share.
- (c) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of the Shares issued on exercise of the Options.
- (d) The Company must give or cause to be given to each Option holder a certificate or holding statement stating:
 - (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Exercise Period.
- (e) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (f) The Options are not transferable, unless the transfer is approved by the Company.
- (g) For such time as the Company is listed, the official listing rules of ASX (**Listing Rules**) will apply to the Options.
- (h) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options will rank equally with all other issued Shares from the date they are issued by the Company.
- (i) An Option holder is not entitled to participate in any new issue of securities to existing shareholders of the Company (**Shareholders**) unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (j) If the Company is listed on ASX, the Company must give the Option holder, if required to do so by the Listing Rules, notice of:
 - (i) the proposed terms of the issue or offer proposed under paragraph (k); and
 - (ii) the right to exercise the Option holder's Options under paragraph (k).
- (k) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (l) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Company may elect to reduce the exercise price of each Option in accordance with the Listing Rules.

- (m) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (n) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (o) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (m) to (o) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of the Options.
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- (i) paying to the Company, in immediately available funds, an amount equal to the exercise price multiplied by the number of Options being exercised; or
 - (ii) cashless exercise, in which case the Option holder will be issued such number of Shares for each Option as is calculated according to the following formula:
$$(A-B) * X/A$$

Where:

A equals the closing price of Shares on ASX on the trading day immediately preceeding the date of delivery of the Notice of Exercise of Options Form; and

B equals the exercise price of the Options; and

X equals the number of Shares issuable on exercise of the Options, assuming the Options were issued for cash.
- (q) The Options are exercisable on any day other than a Saturday, Sunday public holiday or any other day that ASX declares is not a business day (Business Day) during the Option Exercise Period.
- (r) An Option holder must only exercise a minimum of 100,000 Options, and thereafter in multiples of 10,000, unless an Option holder exercises all of its Options.
- (s) If an Option holder exercises less than the total number of its Options, the Company must issue the Option holder a new holding statement for the remaining number of Options held by the Option holder.
- (t) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraph (r) and (s). The Company shall within 10 Business Days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a holding statement to the holder in respect of the Shares so issued.
- (u) The Company will apply to ASX for official quotation of the Shares issued on exercise of the Options on the date of issue of such Shares.
- (v) If required by the Listing Rules to do so, the Company will advise an Option holder at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.

- (w) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of Victoria. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.

ANNEXURE E

Option Terms of Issue

Each option (**Option**) issued by the Company under these Option Terms entitles its holder to subscribe for one fully-paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

- (a) The Options are exercisable:
- (i) in respect of 1,600,000 options, at an exercise price of A\$0.20, at any time up to 31 August 2024;
 - (ii) in respect of 300,000 options, at an exercise price of A\$0.29, at any time up to 31 August 2024; and
 - (iii) in respect of 2,000,000 options, at an exercise price of A\$0.29, at any time up to 1 December 2016,
- and the period ending on the expiry date of the options is the **Option Exercise Period**. The Options are exercisable at any time after the 3 month anniversary of the Company's admission to the official list of the Australian Securities Exchange.
- (b) Each class of Option issued under these Option Terms may have a different exercise price and Option Expiry Period attaching to the class, but otherwise each class of Option is an "Option" for the purposes of these Option Terms and is issued on the same terms.
- (c) Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- (d) Each Option entitles the holder to subscribe for, and be issued with, one Share.
- (e) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of the Shares issued on exercise of the Options.
- (f) The Company must give or cause to be given to each Option holder a certificate or holding statement stating:
- (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Exercise Period.
- (g) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (h) The Options are not transferable, unless the transfer is approved by the Company.
- (i) For such time as the Company is listed, the official listing rules of ASX (**Listing Rules**) will apply to the Options.
- (j) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options will rank equally with all other issued Shares from the date they are issued by the Company.
- (k) An Option holder is not entitled to participate in any new issue of securities to existing shareholders of the Company (**Shareholders**) unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (l) If the Company is listed on ASX, the Company must give the Option holder, if required to do so by the Listing Rules, notice of:
- (i) the proposed terms of the issue or offer proposed under paragraph (k); and

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- (ii) the right to exercise the Option holder's Options under paragraph (k).
- (m) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (n) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Company may elect to reduce the exercise price of each Option in accordance with the Listing Rules.
- (o) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (p) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (q) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (m) to (o) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of the Options.
- (r) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options Form (in a form approved by the Company, with the parties acknowledging that the Notice of Exercise of Options Form may be delivered by the Option holder to the Company by email), together with payment of the exercise monies payable to the Company in connection with the Options being exercised by:
- (i) paying to the Company, in immediately available funds, an amount equal to the exercise price multiplied by the number of Options being exercised; or
 - (ii) cashless exercise, in which case the Option holder will be issued such number of Shares for each Option as is calculated according to the following formula:
$$(A-B) * X/A$$

Where:

A equals the closing price of Shares on ASX on the trading day immediately preceding the date of delivery of the Notice of Exercise of Options Form; and

B equals the exercise price of the Options; and

X equals the number of Shares issuable on exercise of the Options, assuming the Options were issued for cash.
- (s) The Options are exercisable on any day other than a Saturday, Sunday public holiday or any other day that ASX declares is not a business day (Business Day) during the Option Exercise Period.
- (t) An Option holder must only exercise a minimum of 100,000 Options, and thereafter in multiples of 10,000, unless an Option holder exercises all of its Options.
- (u) If an Option holder exercises less than the total number of its Options, the Company must issue the Option holder a new holding statement for the remaining number of Options held by the Option holder.

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- (v) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraph (r) and (s). The Company shall within 10 Business Days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a holding statement to the holder in respect of the Shares so issued.
 - (w) The Company will apply to ASX for official quotation of the Shares issued on exercise of the Options on the date of issue of such Shares.
 - (x) If required by the Listing Rules to do so, the Company will advise an Option holder at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
 - (y) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of Victoria. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.

ANNEXURE F

Option Terms of Issue

Each option (**Option**) issued by The Hydration Pharmaceuticals Company Limited (**Company**) under these Option Terms entitles its holder to subscribe for one fully-paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions.

- (a) The Options are exercisable at:
- (i) in respect of the first tranche of 1,500,000 Options, A\$0.5075; and
 - (ii) in respect of the second tranche of 1,500,000 Options, A\$0.6525,
- at any time up to 9 December 2024 (**Option Exercise Period**).
- (b) Each tranche of Option issued under these Option Terms has a different exercise price but is otherwise an "Option" for the purposes of these Option Terms and is issued on the same terms.
- (c) Each Option will automatically lapse if not exercised prior to expiry of the Option Exercise Period.
- (d) Each Option entitles the holder to subscribe for, and be issued with, one Share.
- (e) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of the Shares issued on exercise of the Options.
- (f) The Company must give or cause to be given to each Option holder a certificate or holding statement stating:
- (i) the number of Options issued to the Option holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options and the Option Exercise Period.
- (g) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (h) The Options are not transferable unless a transfer is approved by the Company in its discretion.
- (i) For such time as the Company is listed, the official listing rules of ASX (**Listing Rules**) will apply to the Options.
- (j) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options will rank equally with all other issued Shares from the date they are issued by the Company.
- (k) An Option holder is not entitled to participate in any new issue of securities to existing shareholders of the Company (**Shareholders**) unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (l) If the Company is listed on ASX, the Company must give the Option holder, if required to do so by the Listing Rules, notice of:
- (i) the proposed terms of the issue or offer proposed under paragraph (k); and
 - (ii) the right to exercise the Option holder's Options under paragraph (k).

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- (m) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
 - (n) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Company may elect to reduce the exercise price of each Option in accordance with the Listing Rules.
 - (o) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
 - (p) Any calculations or adjustments which are required to be made under these Option Terms of Issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
 - (q) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (m) to (o) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of the Options.
 - (r) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options Form (in a form approved by the Company, with the parties acknowledging that the Notice of Exercise of Options Form may be delivered by the Option holder to the Company by email), together with payment of the exercise monies payable to the Company in connection with the Options being exercised by paying to the Company, in immediately available funds, an amount equal to the exercise price multiplied by the number of Options being exercised.
 - (s) The Options are exercisable on any day other than a Saturday, Sunday public holiday or any other day that ASX declares is not a business day (Business Day) during the Option Exercise Period.
 - (t) An Option holder must only exercise a minimum of 100,000 Options, and thereafter in multiples of 10,000, unless an Option holder exercises all of its Options.
 - (u) If an Option holder exercises less than the total number of its Options, the Company must issue the Option holder a new holding statement for the remaining number of Options held by the Option holder.
 - (v) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form and payment is received by the Company in accordance with paragraphs (r) and (s). The Company shall within 10 Business Days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a holding statement to the holder in respect of the Shares so issued.
 - (w) The Company will apply to ASX for official quotation of the Shares issued on exercise of the Options on the date of issue of such Shares.
 - (x) If required by the Listing Rules to do so, the Company will advise an Option holder at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
 - (y) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of Victoria. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria and the Federal Court of Australia and any courts that may hear appeals from those courts about any proceedings in connection with these Options.