

Option Terms

A. Shareholder Option Terms

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

1. The options are exercisable at a price of 45 cents each at any time up to 30 September 2010. Each option entitles the holder to subscribe for 1 ordinary share in the Company.
2. Notwithstanding paragraph (1), if:
 - (a) a takeover bid within the meaning of the Corporations Act is made for the shares in the Company and the bidder becomes entitled to compulsorily acquire all of the shares, any options not exercised by the end of the bid period shall lapse; or
 - (b) a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company the effect of which may be that a person will have a relevant interest in at least 90% of the ordinary shares in the Company, any options not exercised during the period which is 7 days after the court order shall lapse.
3. The holder may exercise any part of the options only without prejudice to the holder's ability to subsequently exercise any remaining options.
4. Subject to the terms of any escrow arrangements entered into, all shares issued upon exercise of the options will rank equally in all respects with the then issued shares, and the Company will, within 7 days, apply for official quotation by the ASX of all shares issued upon the exercise of the options.
5. There are no participating rights or entitlements conferred on the options and the holder will not be entitled to participate with respect to the options in new issues offered to shareholders during their currency without exercising the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the relevant record date will be at least 7 business days after the relevant issue is announced and the holder is notified at that time. This will give the holder the opportunity to exercise the options prior to the date for determining entitlements and to participate in any such issue as a shareholder.
6. In the event of any reorganisation of capital of the Company prior to the expiry date for exercise of the options, the number of options which the holder is entitled or the exercise price of the options or both shall be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of reorganisation.
7. The number of options held will appear on an optionholder statement which will be accompanied by a Notice of Exercise of Options that is to be completed when exercising options as follows:

Notice of Exercise of Options

To the Directors of Greenerth Energy Limited (the "Company"),

I,

of

being the registered holder of options in the capital of the
Company hereby exercise such options to
subscribe for ordinary shares and enclose application monies
payable of 45 cents per option exercised.

I authorise you to register me as the holder of the shares to be allotted to me and agree to accept such shares subject to the constitution of the Company.

Dated the day of 20__

Signed by)

the holder of the options)

- 8. The options are exercised by completing the Notice of Exercise of Options form (similar to the one above) and forwarding it to the Company with the exercise monies payable to the Company. The Company shall within 7 days after the receipt of such Notice, allot shares in respect of the options exercised and dispatch a shareholder statement to the holder.
- 9. The Company will advise holders 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 ASX Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their options.
- 10. The options are non-transferable and subject to any escrow requirements under ASX Listing Rules.
- 11. If any options are exercised, each share issued on exercise will be accompanied by a further option entitling the holder to subscribe for 1 ordinary share in the Company exercisable at 60 cents each at any time up to 30 September 2012, but otherwise are issued on the same terms as these options (excluding this sentence), with any necessary consequential changes to the option terms being made.

B. Tolhurst Option Terms

Options held by Tolhurst Ltd have the same terms as the Shareholder Options above, except that:

- in paragraph 1, the exercise period is any time up to 30 September 2012 rather than 30 September 2010; and
- paragraph 11 is deleted and is replaced with the following:

"Notwithstanding paragraph 1, if the Company does not list on ASX by 31 January 2008, the options will thereupon lapse."

C. Director Option Terms

Options held by or on behalf of Directors (relating to their capacity as directors) have the same terms as the Shareholder Options above except that:

- in paragraph 1, the exercise period is any time up to 30 September 2012 rather than 30 September 2010; and
- paragraph 11 is deleted and is replaced with the following:

"Notwithstanding paragraph 1, if:

- (a) the holder is an employee or director of the Company at the date of issue or an entity associated with an employee or director of the Company and the holder or ceases to be an employee or director of the Company or associated with an employee or director of the Company for any reason whatsoever except by reason of death, the options which the holder is entitled to exercise at that time are exercisable within 60 days and any options not exercised during that period shall lapse; or
- (b) the holder is an employee or director of the Company at the date of issue or an entity associated with an employee or director of the Company and the holder or ceases to be an employee or director of the Company or associated with an employee or director of the Company by reason of death, the options which the holder is entitled to exercise at that time are exercisable within 12 months by the legal personal representative of the holder and any options not exercised during that period shall lapse."