



TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

The following are the terms and conditions of the Performance Rights:

- (a) **(Notification to holder):** TSO shall notify the holder in writing when the relevant milestones applicable to the particular Performance Right have been satisfied.
- (b) **(Vesting):** Subject to (e), (g) and (h), Performance Rights, that have not lapsed, shall vest on the later to occur of:
- (i) the date that the Milestone relating to that Performance Right has been satisfied; and
 - (ii) the date that the holder gives a notice to TSO confirming that the holder would like the Performance Rights to vest.
- (c) **(Milestones):** The relevant milestones attaching to the Performance Rights are as follows

Class	Number	Milestone	Expiry Date
Class A	46,720,000	TSO establishing an Inferred Resource of equal or greater than 250,000 ounces equivalent at a gold grade of 1 gram per tonne or greater, as defined by the JORC Code at the El Zorro Project or the Espina Project.	18 months after Completion.
Class B	50,060,000	TSO establishing an Inferred Resource of equal or greater than 1 million ounces equivalent, at a gold grade 1 gram per tonne or greater, as defined by the JORC Code at the El Zorro Project or the Espina Project.	36 months after Completion.
Class C	20,030,000	TSO establishing an Inferred Resource of equal or greater than 2 million ounces equivalent, at a gold grade 1 gram per tonne or greater, as defined by the JORC Code at the El Zorro Project or the Espina Project.	48 months after Completion.
Class D	20,030,000	TSO completing either a Bankable Feasibility Study or a Definitive Feasibility Study in relation to any resource (as defined by the JORC Code) at the El Zorro Project or the Espina Project, confirming the relevant project is commercially viable.	60 months after Completion.

- (d) **(Consideration)**: The Performance Rights will be issued for nil consideration each and no consideration will be payable upon the vesting of the Performance Rights.
- (e) **(Conversion)**: Upon satisfaction of the relevant Milestone, each Performance Right will, at the election of the holder, vest and convert into one (1) Share.
- (f) **(Lapsing)**: Unless otherwise determined by the Board in its sole and absolute discretion, any unvested Performance Rights will lapse on the earlier of:
 - (i) the date that the Milestone relating to that Performance Right must have been satisfied;
 - (ii) where a holder has acted fraudulently, dishonestly or wilfully breaching their duties to TSO; or
 - (iii) the expiry date of the Performance Right (if any).
- (g) **(Share ranking)**: All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (h) **(Listing of Shares on ASX)**: TSO will not apply for quotation of the Performance Rights on ASX. However, TSO will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (i) **(Transfer of Performance Rights)**: A Performance Right is not transferable.
- (j) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to TSO shareholders during the currency of the Performance Rights.
- (k) **(Adjustment for bonus issue)**: If securities are issued pro-rata to TSO shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.
- (l) **(Adjustment for reconstruction)**: If, at any time, the issued capital of TSO is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including the Vesting Conditions) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) **(Dividend and Voting Rights)**: A Performance Right does not confer upon the holder an entitlement to vote or receive dividends.
- (n) **(No rights to return of capital)** A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise of TSO.
- (o) **(No rights on winding up)**: A Performance Right does not entitle the holder to participate in the surplus profits or assets of TSO upon winding up.

- (p) **(No other rights):** A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (q) **(change of control)** If there is a change in control event in relation to TSO (eg, a takeover bid for all the Shares in TSO which obtains acceptances for at least 50.1% and is declared unconditional or via a scheme of arrangement by which more than 50% of the Shares in TSO change ownership and which is approved by shareholders at a court convened meeting) then any unvested Performance Rights will automatically vest on a one-for-one basis up to a maximum number of shares that is equal to 10% of the TSO shares on issue immediately following conversion under this paragraph. The conversion will be completed on a pro rata basis across each class of Performance Right then on issue as well as on a pro rata basis for each holder.
- (r) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
- (i) holders may give written notification to TSO if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle TSO to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
 - (ii) TSO may (but is not obliged to) by written notice to a holder request a holder provide the written notice referred to the paragraph immediately above within seven days, if TSO considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle TSO to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.