Advance ZincTek Limited

Employee Share Plan Rules

1. Definitions and interpretation

1.1 Definitions

In this Plan:

ASX	means ASX Limited ACN 008 624 691 or the financial market operated by it (as the context requires)
Board	means the board of directors of the Company or a committee appointed by the board of directors.
Company	means Advance ZincTek Limited ACN 079 845 855.
Corporations Act	means the *Corporations Act 2001* (Cth).
Current Market Value	of a Share means the market price determined in good faith by the Board at the date of receipt of a Share Acceptance Notice from an Eligible Employee.
Dispose	means in relation to a Share to sell, transfer, grant an option over, create a third part right or otherwise deal with or dispose of the Share or any interest in the Share, and Disposal has the corresponding meaning.
Eligible Employee	means (a) full-time or part-time employees (including executive directors) of a Group company; (b) non-executive directors of a Group company; and (c) contractors and casual employees of a Group company who work a pro-rata equivalent of 40% or more of a comparable full-time position.
Group	means the Company and its Related Body Corporate and any other entity declared by the Board to be a member of the group for the purposes of the Plan.
Incentive Scheme	means an employee share or option scheme extended to either or both employees and directors of Group companies, and includes this Plan.
Listing Rules	means the official Listing Rules of ASX as amended or waived from time to time.
Participant	means an Eligible Employee who accepts an Offer under this Plan and includes, where applicable, any nominee of that person which holds any Shares.
Related Body Corporate	has the meaning given to it in the Corporations Act.
Rules	means the rules of this Plan, as amended from time to time.
Shares	means the fully paid ordinary shares in the capital of the Company.

1.2 Interpretation

In this Plan, the following rules apply unless a contrary intention appears:

(a) headings are for convenience only and do not affect the interpretation of these Rules and, unless the context requires otherwise;

(b) words importing the singular include the plural and vice versa;

(c) words importing a gender include any gender;

(d) other parts of speech and grammatical forms of a word or phrase defined in these Rules have a corresponding meaning; and

(e) any reference in the Plan to any enactment is a reference to that enactment (and to all regulations or instruments issued under an enactment) in force at the time that an o is made under the Plan unless expressed to the contrary in this Plan, determined otherwise by the Board pursuant to Rule 8.2 or required at law.

2. Summary

An Employee Share Plan ("**Plan**") has been established by the Company to enable officers, staff and contractors to participate in the capital growth of the Company. The Company wishes to do this by allowing all Eligible Employees of the Group to be issued Shares in the Company.

3. Offer to participate

3.1 Offer

(a) The Board may, from time to time, at its absolute discretion, issue written offers (in such form as the Board decides from time to time) to Eligible Employees, inviting them to accept Shares in the Company ("**Offer**").

(b) The Board must make Offers on a non-discriminatory basis to at least 75% of Australian-resident permanent employees who have completed at least 3 years of service (whether continuous of non-continuous) with the Group.

3.2 Information to be provided

The Board will advise each Eligible Employee to whom an Offer is made of the following information:

(a) the total number of Shares for which the Eligible Employee is entitled;

(b) the date and time by which Acceptance Form must be received by the Company;

(c) a copy of these Rules and any other explanatory material which the Company may wish to distribute and

(d) any other relevant conditions to which the Shares are subject, but which must not include any risk of forfeiture of the offered Shares.

4. Acceptance of Offer

(a) An Eligible Employee who receives an Offer may elect to participate in the Plan by completing and returning the Acceptance Form attached to the Offer within the period specified in the Offer.

(b) By submitting an Acceptance Form, the Eligible Employee agrees to be bound by these Rules, any additional terms specified in the Offer and, upon being allocated Shares, to become a shareholder in the Company (including to be bound by the Company constitution) in accordance with these Rules.

(c) Shares will be issued to the Participant as soon as practicable after receipt of a valid Acceptance Form, or such other date determined by the Board.

5. Restrictions on dealing with Shares

5.1 Restriction on Disposal

A Participant may not dispose of, deal in, or grant a security interest over, any interest in a Share issued under the Plan until the earlier of:

(a) the end of the period of three years commencing on the date of the issue of that Share;

(b) the date on which the Participant is no longer employed by a Group company; and

(c) the end of any other period determined by the Board in accordance with relevant law.

5.2 Arrangements to enforce restriction

The Company is entitled to make any arrangements it considers necessary to enforce the restriction in rule 5, and Participants are bound by those arrangements and must take any steps reasonably required by the Company.

5.3 Participant's agreement

By applying for and being issued Shares under these Rules, each Participant undertakes that while the Shares so acquired by the Participant are subject to the restriction in rule 5.1, the Participant will not take any action or permit another person to take any action to remove the arrangements made under rule 5.2.

5.4 Expiry of restriction

Upon the expiry of any restriction over a Share, the Company will take all actions necessary to ensure that the Participant can deal with that Share.

6. Share Terms

6.1 Shares to rank pari passu

Any Shares issued under the Plan will rank equally in all respects with other ordinary shares in the Company for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of issue.

6.2 Shares to be quoted on ASX

If the Shares are quoted on the ASX, the Company will apply to the ASX as required by the Listing Rules for those Shares to be quoted.

7. Restrictions on the Plan

7.1 Compliance with Corporations Act and Listing Rules

Despite any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, no Share may be issued to, or acquired by a Participant or other person:

(a) if to do so would contravene the Corporations Act or the Listing Rules; or

(b) where compliance with any applicable law would in the opinion of the Board be unduly onerous.

7.2 Quotation restriction

The Company may only make Offers under this Plan provided the Shares have been quoted on the ASX, at the time of the offer, for at least three months without suspension for more than five trading days in the 12 months before the Offer is made

7.3 Restriction on the size of the Plan

Subject to clause 7.1, the Board must not issue an Offer to apply for Shares by way of issue, if the number of Shares the subject of the Offer, when added to:

(a) the number of Shares which would be issued were each outstanding offer with respect to Shares, units of Shares and options to acquire unissued Shares, under an Incentive Scheme to be accepted or exercised; and

(b) the number of Shares issued during the previous 3 years pursuant to an Incentive Scheme,

but disregarding any offer made, or option acquired or share issued, by way of or as a result of:

(c) an offer to a person situated at the time of receipt of the offer outside Australia;

(d) an offer that did not require disclosure to investors because of section 708 of the Corporations Act or was an excluded offer or invitation under the Corporations Act;

(e) an offer that did not require the giving of a Product Disclosure Statement because of section 1012D of the Corporations Act; or

(f) an offer made under a disclosure document (within the meaning of the Corporations Act) or Product Disclosure Statement,

would exceed 5% of the total number of issued Shares at the date on which the Board proposes to make the Offer.

8. General

8.1 Amendment of Rules

(a) The Board may, at any time, amend, add to, vary, omit from or substitute any of these Rules, notwithstanding the terms of the Plan, by notice in writing to each Participant who holds Shares pursuant to the Plan, provided that such amendment may not materially reduce or otherwise prejudicially affect a Participant's rights in respect of Shares, other than an amendment introduced primarily:

(i) for the purpose of complying with or conforming to present or future State **or** Commonwealth legislation;

(ii) to correct any manifest error or mistake; or

(iii) to take into consideration possible adverse tax implications arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction.

(b) The Company must provide written notification to a Participant who holds Shares pursuant to the Plan as soon as reasonably practicable after any amendment has been made to these Rules.

8.2 Board powers

The Board has absolute and unfettered discretion in exercising any power **or** discretion concerning the Plan and may:

(a) delegate to any person for the period and on the terms it decides the exercise of any of its powers or discretions under the Plan;

(b) decide on appropriate procedures for administering the Plan, including the forms and notices to be issued under the Plan;

(c) resolve conclusively all questions of fact or interpretation concerning the Plan and these Rules and any dispute of any kind that arises under the Plan;

(d) determine to cease operation of the Plan at any time and take any actions required to effect the winding up of the Plan;

(e) act or refrain from acting at its discretion under the Rules or concerning the Plan or the Shares held under the Plan; and

(f) waive any breach of a provision of the Plan.

8.3 Notices

(a) A notice or other communication under or concerning the Plan is validly given:

(i) by the Company to a Participant, if delivered personally to the addressee or sent by prepaid post to his or her last known residential address, or sent to him or her by facsimile or email at his or her place of work or posted on an electronic noticeboard maintained by the Company and accessible by the Participant; and

(ii) by an Participant to the Company if delivered or sent by prepaid post addressed to the company secretary at the Company's registered office (or any other address the Board specifies).

(b) A notice or other communication sent:

(i) to the Company must be actually received by the Company by the date or within the period specified in the Rules or any written offer under Rule 3.1 in order to be effective; and

(ii) by the Company to a Participant will be treated as being received immediately following the time it was sent, or where it is sent by post it will be treated as received 48 hours after it was posted.

8.4 Terms of employment not affected

(a) The rights and obligations of a Participant under the terms of his or her office, employment or contract with the Group are not affected by his or her participation in the Plan.

(b) Participation in the Plan will only be offered to any Participant at the absolute discretion of the Board. Offers are not guaranteed to be made annually under the Plan.

(c) The Rules do not form part and will not be incorporated into, any contract of a Participant.

8.5 Miscellaneous

(a) The Participant does not have any rights under this Plan to compensation or damages in consequence of the exercise by the Company of any right, power or discretion which results in the Participant ceasing to have title to the Shares.

(b) Except as otherwise expressly provided in the Rules, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the terms of the Plan and in the exercise of any power or discretion under the Rules.

(c) Where the Board exercises its discretion under or in connection with the terms of the Plan or the Rules, such exercise of a discretion does not form part of, and will not be incorporated into, any contract of a Participant and does not guarantee that the Board will exercise its discretion in such a manner in the future.

8.6 Governing Law

The Rules and conditions of this Plan are governed by the laws of Queensland and the Commonwealth of Australia.