

AMMTEC LIMITED
ABN 23 063 332 516

TERMS & CONDITIONS
EMPLOYEE SHARE PLAN (ESP)

Approved and adopted at the Annual General Meeting held 16 October 2008.

TERMS AND CONDITIONS OF THE EMPLOYEE SHARE PLAN

1. DEFINITIONS AND INTERPRETATION

Unless the context otherwise requires:

Acceptance Date means the last day on which a Participant may accept an Offer which shall be the date specified as the Acceptance Date in an Offer;

Acceptance Form means a form for the acceptance of Offers made to Eligible Persons to participate in the Plan in a form approved for the purpose by the Directors from time to time;

Applicable Law means any one or more or all, as the context requires, of:

- (a) the Corporations Act;
- (b) the Listing Rules;
- (c) the Constitution;
- (d) the Tax Act;
- (e) any practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or other guidance note made to clarify or expand (a), (b), (c) or (d) above;
- (f) any other legal requirement that applies or may apply to the Plan.

Associated Company means in relation to the Company, a body which is a related body corporate of the Company in terms of Section 50 of the Corporations Act 2001.

ASX means the ASX Limited (ABN 98 008 624 691) or the market conducted by it;

Business Day means those days defined as business days by the Listing Rules;

Company means Ammtec Limited (ABN 23 063 332 516);

Constitution means the Constitution of the Company as amended by Shareholders from time-to-time.

Current Market Price means the closing sales price of the company's fully paid ordinary shares on the ASX on the date of the allotment of Shares pursuant to the Plan;

Date of Allotment means the date on which Shares are allotted to a Participant;

Declaration of Trust means a declaration that the Shares be held in trust for the Participant until the earlier of the expiration of three years from the date of allotment, or at cessation of employment;

Directors means the Board of Directors of the Company;

Eligible Person means a person employed by the Company or an associated Company, excluding all Directors and the company secretary:

- on either a permanent part time or full time basis at the Offer Date; and
- for a period in excess of 6 months by the Offer Date; and
- being a resident of, and physically present in Australia at the Date of Allotment;
- on a continuing basis, that is, have not given, and who have not been given, a notice to terminate their employment at the Date of Allotment.

Income Tax Election means an Election made by a Participant in accordance with Section 139E that Section 139B(2) of the Tax Act applies;

Issue price means the cash issue price of a Share issued under this Plan as determined by the Directors in each year in which an Offer is made by the Company, to be paid by the Participant;

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Listing Rules means the Rules made from time to time by the ASX for the regulation of companies admitted to the Official List of the ASX;

Market Value of Shares means the average closing sales price of the Company's fully paid ordinary shares on the ASX over the five trading days preceding the day on which the Shares are offered;

Members mean shareholders of the Company who are not Participants;

Offer means a dated written offer made by the Company in a form approved by the Directors;

Offeree means an Eligible Person to whom an Offer is made;

Offer Date means the date upon which an Offer is made to an Eligible Person;

Participant means an Eligible Person who has acquired Shares under this Plan;

Plan means the Ammtec Limited Employee Share Plan as amended from time to time;

Office means 6 MacAdam Place, Balcatta, Western Australia;

Share means a fully paid ordinary share in the capital which ranks equally with and has the same rights as other fully paid ordinary shares in the capital of the Company the subject of an Offer which on allotment will be credited as fully paid to that par value;

Shareholder means a shareholder of the Company.

Tax includes any tax (whether direct or indirect), levy, impost, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing.

Tax Act means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) or both, as the context requires.

Trustee means Australian Metallurgical & Mineral Testing Consultants Pty Ltd
ABN 62 008 901 933;

Unless the context otherwise requires, words denoting the masculine gender shall include the feminine and neuter and the singular shall include the plural and vice versa.

2. ESTABLISHMENT AND OBJECTIVE OF PLAN

- 2.1. The Directors may establish and administer the Plan in accordance with the terms and conditions of this document as amended from time to time in accordance with the Listing Rules.
- 2.2. The objective of the Plan is to provide an opportunity to Eligible Persons to subscribe for Shares from time to time at the discretion of the Directors at a discounted price in recognition of past services to the Company, and to allow the Participants to share in the Company's growth and prosperity.
- 2.3. The issue price of a share will be determined by the Directors in accordance with the objectives of the Plan.

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- 2.4. The Plan, in its terms and operation, and Shares allotted to Eligible Persons under the Plan, must satisfy all the "exemption conditions" stipulated in the Tax Act.

3. THE OFFER

- 3.1. The Directors may from time-to-time invite Eligible Persons to participate in the Plan as they see fit but may not offer Shares with a Market Value of greater than \$1,000 to any one employee in any given financial year.
- 3.2. The Offers are subject to the terms and conditions in the Rules of the Plan and pursuant to the Listing Rules.
- 3.3. The Offers will be in writing and in such form as the Directors may determine from time-to-time. Invitations will comprise information required by any Applicable Law and will be accompanied by a Form (Acceptance Form) providing for the Eligible Person to agree to acquire Shares under the Plan pursuant to these Rules.
- 3.4. The Company reserves the right to withdraw any invitation made to an Eligible Person should it be determined at any time that the Eligible Person's participation would be unlawful.

4. CONDITIONS OF THE OFFER

- 4.1. Participants are obliged to remain the registered beneficial owner of the Shares acquired under the Plan until the earlier of:
- 4.1.1. three (3) years from the Date of Allotment; or
 - 4.1.2. until the date they cease employment.
- 4.2. The Participant must execute the Declaration of Trust included with this Plan which will result in the Shares, acquired under the Plan, being held in trust until the earlier of:
- 4.2.1. a period of three (3) years from the Date of Allotment; or
 - 4.2.2. until they cease employment.
- 4.3. Participants may make an election at the time of the Participant's income tax return in the form required by the Commissioner of Taxation that Section 139B(2) of the Income Tax Assessment Act apply to access the discount on the shares in that year. The Election form will form part of the Participant's taxation records submitted to the Australian Taxation Office. The election may result in a concession of \$1,000 from the Participant's taxable income for the financial year of the Date of Allotment.

5. ACCEPTANCE

- 5.1. An Offeree who wishes to accept an Offer on the terms and conditions of this Plan must deliver an Acceptance Form duly completed and signed in accordance with its terms to the Directors on or before the Acceptance Date at the Office.
- 5.2. An Offeree who wishes to accept an Offer on the terms and conditions of this Plan must deliver a Declaration of Trust duly completed and signed in accordance with its terms to the Directors on or before the Acceptance Date at the Office.
- 5.3. An Offeree may accept an Offer only in respect of the whole of the Shares offered.
- 5.4. On receipt of a duly completed Acceptance Form and Declaration of Trust, the Company may, in the Directors' absolute discretion and without being bound to do so, allot or arrange for the allotment to the Participant the Shares accepted by an Offeree.

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5.5. The Company will provide a statement to each Participant after an allotment of Shares which complies with all Applicable Laws, setting out as a minimum:

- 5.5.1. the number of Shares allotted to each Participant,
- 5.5.2. the date of allotment of the Shares,
- 5.5.3. the earliest date at which the Shares will be transferred into the Participant's name, and
- 5.5.4. the Current Market Price of the Shares.

6. TOTAL NUMBER OF SHARES TO BE ISSUED UNDER THE PLAN

- 6.1. No Shares will be issued under the Plan if after the issue the number which is equal to the sum of all Shares issued under this Plan during the previous five (5) years would exceed five percent (5%) of the total number of shares in the Company on issue.
- 6.2. Shares will be issued under the Plan at such times and at such intervals as the Board may determine in its absolute discretion.

7. RIGHTS ATTACHING TO SHARES

- 7.1. The Shares issued pursuant to this Plan will rank pari passu in all respects with the then existing issued shares and will be subject to the provisions of the Articles of Association of the Company.
- 7.2. If the Company constructs its capital in any way, Shares acquired under the Plan will be affected in the same way as other Shares on issue.
- 7.3. The Participant's rights under the Plan are personal to the Participant and are not transferable, transmissible, or assignable except by transmission of law.

8. ASX LISTING

The Company must, within the timeframe required by the Listing Rules, apply for official quotation on the ASX of any Shares offered under the Plan which are not already quoted on the ASX.

9. DURATION OF THE PLAN

- 9.1. The Plan shall continue in operation at the discretion of the Directors and subject to the requirements of the Listing Rules. The terms upon which the Shares are issued to Participants shall be subject at all times to the requirements of the Listing Rules.
- 9.2. The Directors may, at any time, modify the Rules or the Plan, or suspend or terminate the Plan, on giving notice to the Participants of the modification, suspension or termination.

10. ADMINISTRATION

- 10.1. The Plan will be administered by the Directors or by a sub-committee of Directors appointed by the Directors in its absolute discretion. In discharge of its obligations, the Directors may:
 - (a) delegate to any persons for such period and on such terms as they see fit the exercise of all or any of their powers or discretions under the Plan;
 - (b) determine appropriate procedures for administration of the Plan, including the form and content of any documentation, forms and notices to be delivered under the Plan;

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- (c) do all acts necessary that it considers appropriate to give effect to the provisions of these Rules; and
- (d) resolve conclusively all questions of fact or interpretation in connection with the Plan and these Terms & Conditions.

11. NOTICES

11.1. Any notice required to be given pursuant to the Plan shall be in writing and shall be given by:

11.1.1. delivering it to the party personally or at his address on a business day during ordinary business hours and in the case of the Company, to the Office; or

11.1.2. by sending it to the address of the party by prepaid airmail post if overseas, otherwise by prepaid ordinary post.

11.2. A notice shall be deemed to be given and received:

11.2.1. if given in accordance with subclause 11.1.1. on the business day next after the day of delivery; or

11.2.2. if given in accordance with subclause 11.1.2. Two (2) Business Days after the day of posting.

12. PLAN COSTS AND EXPENSES

12.1. Unless otherwise determined by the Board, the Company must pay all costs relating to the establishment and operation of the Plan, including all costs and expenses in relation to the delivery of the Shares except that the Company is not responsible for any Taxes which may become payable in connection with the Shares or any other dealing with the Shares.

12.2. Each Participant will pay all costs and expenses in relation to the sale, transfer or other disposal of any Shares acquired under the Plan. Each Participant will be responsible for any Taxes which may become payable in connection with the Shares or any other dealing with the Shares.

13. RIGHTS OF PARTICIPANTS

Nothing in these Terms & Conditions:

- (a) confers on any person the right to be invited to acquire Shares under the Plan;
- (b) confers on any Eligible Person or Participant the right to continue as an Employee of the Company;
- (c) affects any rights which the Company may have to terminate the employment of an Eligible Person or Participant;
- (d) may be used to increase damages in any action brought against the Company in respect of any such termination of employment; or
- (e) confers any responsibility or liability on any Company entity or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Persons or Participants.

14. RESTRICTIONS ON DEALING WITH SHARES

Participation in the Plan is subject to the Company's Corporate Governance Policies.

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15. OVERRIDING RESTRICTIONS ON ACQUISITION

No Shares will be acquired under the Plan if to do so would contravene any Applicable Law. This clause 10 takes precedence over any other provision of the Plan.

16. SEVERANCE

If any of these Terms & Conditions are void, voidable or unenforceable that provision will be severed and the remainder of these Terms & Conditions will have full force and effect.

17. GOVERNING LAW & JURISDICTION

The laws of the State of Western Australia, Australia, govern the operation of the Plan, these Rules and the rights of the Participants thereunder.

Each Participant irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of the State of Western Australia, Australia and courts entitled to hear appeals from those courts.