

Zambezi Resources Ltd

Terms and Conditions of 22 June 2010 Series Options

Exercise Price	Expiry Date
£0.16	22 June 2010

- (a) No monies will be payable for the issue of the Options.
- (b) A certificate will be issued for the Options.
- (c) The Options shall expire at 5.00 pm Greenwich Mean Time ("GMT") on their respective expiry dates.
- (d) Each Option will entitle the holder to subscribe for one fully paid ordinary share in Zambezi.
- (e) Shares will be allotted to Option holders at their respective exercise prices.
- (f) Options may be exercised at any time on or after 9.00 am GMT on the commencement date and on or before 5:00 pm GMT on the expiry date.
- (g) Options not exercised on or before the expiry date will automatically lapse on such date.
- (h) The exercise price of Shares the subject of Options shall be payable in full on exercise of the Options.
- (i) The Company will not apply for the Options to be admitted to trading on AIM. Options shall be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of Options being exercised and must be accompanied by:
 - (i) payment of the exercise price for each Share to be issued on exercise of the Options specified in the notice; and
 - (ii) the certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the exercise price (for example, if the exercise price is paid by cheque, by clearance of that cheque) by the expiry date. An exercise of only some Options will not affect the rights of the Option holder to the balance of the Options held by the Option holder.

- (j) Within 10 Business Days after the notice referred to in paragraph (i) above becoming effective, the Company must:
 - (i) allot and issue the number of Shares specified in the notice to the holder;

- (ii) cancel the certificate for the Options being exercised; and
 - (iii) if applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the notice.
- (k) Subject to any restrictions on transfer agreed between the Company and the Option holder, the Options shall be freely transferable.
- (l) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, *pari passu* with existing ordinary fully paid ordinary shares of the Company in all respects.
- (m) If the Company's securities have been admitted to trading on AIM, the Company shall, in accordance with the AIM Rules, make application to have Shares allotted pursuant to an exercise of Options admitted to trading on AIM.
- (n) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules of the ASX Limited applying to a reorganisation of capital at the time of the reorganisation.
- (o) The Options will not give any right to participate in dividends, bonus issues or entitlement issues until Shares are allotted pursuant to the exercise of the relevant Options. There is no right to change the exercise price of Options if the Company completes a bonus or entitlements issue.
- (p) If the Option holder ceases to be a director of the Company for any reason (other than death) the Options issued to Directors, other than under the Staff Option Plan, will automatically lapse.
- (q) If at any time prior to the expiry date the Option holder dies, the deceased holder's legal personal representative may:
 - (i) elect to be registered as the new Option holder of the deceased Option holder's Options;
 - (ii) whether or not he or she becomes so registered, exercise those Options as if he or she were the holder of them in accordance with those terms and conditions; and
 - (iii) if the deceased Option holder has already given a notice of exercise of his Options, pay the exercise price in respect of those Options.