

Security Trading Policy

Dealings by Directors and Key Management Personnel in Securities of Sky Metals Limited

1. Overview

This statement sets out the policy of Sky Metals Limited ('Sky Metals') for directors and key management personnel dealing in Securities of Sky Metals. It summarises the law relating to insider trading and sets trading windows when directors and key management personnel may be entitled to trade.

For the purposes of this policy "Securities" means shares and other instruments considered to be a security for the purposes of the Corporations Act. The definition of a Security is complex and includes not only ordinary shares but also derivative instruments such as exchange traded options and warrants.

If you are in any doubt as to whether or not any instrument you wish to trade is a Security, or how this policy may affect you, should seek assistance from the Company Secretary before trading.

2. Insider Trading

If you have price sensitive information relating to Sky Metals (including any company within the Sky Metals Group) which has not been published or which is not otherwise generally available, it is illegal for you to:

- a) buy, sell or otherwise deal in Sky Metals Securities;
- b) advise, procure or encourage another person (including, but without limitation, a relative, friend, family company or trust) to deal in Sky Metals Securities; or
- c) pass on information to any other person if you know or reasonably know that the person may use the information to deal (or procure another person to deal) in Sky Metals Securities.

It is the responsibility of each director and key management personnel (not the Company) to ensure that they do not do any of the things prohibited by insider trading laws. The consequences for breach of this law can include both civil and criminal penalties.

3. What is Price Sensitive Information?

Price-sensitive information means information relating to Sky Metals or any company in the Sky Metals Group that would, if the information were publicly known, be likely to:

- a) have a material effect on the price or value of Sky Metals Securities; or
- b) influence persons who commonly invest in Securities in deciding whether or not to buy or sell Sky Metals Securities.

Examples of possible price-sensitive information include, but are not limited to:

- a) the financial performance of Sky Metals against its budget;
- b) entry into or termination of a material contract (such as a major joint venture);
- c) a material acquisition or sale of assets by Sky Metals;
- d) an actual or proposed takeover or merger;

- e) an actual or proposed change to the Sky Metals 's capital structure;
- f) a proposed dividend or a change in dividend policy; or
- g) a material claim against Sky Metals or other unexpected liability.

4. When is the Information “Generally Available”?

Information is generally available if:

- a) it consists of readily observable matter;
- b) it has been made known in a manner likely to bring the information to the attention of people who commonly invest in Securities of a kind whose price or value might be affected by the information, and, since it was made known, a reasonable period for it to be disseminated among such persons has elapsed;
- c) it is derived from information which has been made public; or
- d) it consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

5. Consequences for Breach of the Insider Trading Prohibition

Breach of the insider trading prohibition could expose you to criminal and civil liability. Breach of insider trading laws or this policy will also be regarded by Sky Metals as serious misconduct which may lead to disciplinary action and/or dismissal.

6. Dealing in Shares of Other Companies

If you have “price sensitive information” relating to a company other than Sky Metals which is not “generally available” the same insider trading rules outlined above apply to buying and selling Securities in that company. In the course of performing your duties as an employee of Sky Metals, you may obtain price sensitive information relating to another company in a variety of circumstances. Examples include, but are not limited to the following:

- a) another company may provide price sensitive information about itself to Sky Metals in the course of a proposed transaction;
- b) another company with whom Sky Metals is dealing may provide price sensitive information about a third company; or
- c) information concerning Sky Metals or actions which may be taken by Sky Metals (e.g. a planned transaction or strategic change) could reasonably have an effect on a third party company.

Apart from the application of the insider trading rules to Securities in other companies, directors and key management personnel are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

7. Limitation Periods for Buying and Selling Securities - Trading Windows

Whilst it is unlawful to trade at any time if a director or key management personnel has inside information, there are other periods when trading by directors and key management personnel who generally have access to non-public information is unwise due to the perception that they may possess price sensitive information that is not generally available. For this reason, Sky Metals has limited the times when directors and key management personnel may buy or sell Securities. These periods are limited to a period of 60 days after the release of the half year results, full year results and the holding of the annual general meeting. Other periods are closed periods in which directors and key management personnel are prohibited from trading in the Company's securities.

It is recognised that a person in severe financial hardship or other exceptional circumstances may need to dispose of Securities outside the specified windows. In such cases any director or key management personnel is required to seek the prior written approval of the Chairman who may approve the transaction with respect to the exceptional circumstances. Alternatively, the exception relating to the employee or executive option plans or the Incentive Plan Rules set out in section 9 of this policy may apply. Any approval or exception is subject to the overriding obligation of the director or key management person to comply with insider trading laws and the obligations under listing rules 12.9, 12.10 and 12.12.

8. ASX Notification by Directors

Directors are required to notify the Company and the Australian Securities Exchange (ASX) of any change to their holding of relevant interests in financial products of Sky Metals. Whilst the Corporations Act requires directors to notify the ASX of any changes to their holdings within 14 days, Sky Metals is required under the Listing Rules to notify these changes to the ASX within five business days of the change. To enable Sky Metals to comply with this, directors must furnish the relevant information within 3 business days to the Company Secretary who will facilitate the transmission of these notifications to the ASX.

9. Employee or executive option plans or the Incentive Plan Rules

Insider trading does not apply to applications for or exercise of options under employee or executive option plans or the Incentive Plan Rules.

The exercising of options issued under an employee or executive option plan or the Incentive Plan Rules are exempt of the limitation periods as outlined in section 7 of this policy.

However, insider trading rules and this policy do apply in relation to the subsequent disposal of any Securities acquired under an option. Where a director or employee exercises options while in the possession of price sensitive information, he/she will have to fund the exercise of the options without the financial assistance of a simultaneous sale of some or all shares just acquired.

If the options expire inside a trading window described in section 7 of this policy, then a director or employee may simultaneously exercise and sell any Securities subject always to compliance with insider trading laws.

10. Prohibition on Hedging

Directors and key management personnel must not engage in hedging arrangements (including, for example, the use of put and call options or other derivative instruments) over unvested Securities issued pursuant to any employee or executive option plan or the Incentive Plan Rules. In addition, any hedging over vested Securities must comply with this Policy.

11. Additional Information

If you have any questions relating to Sky Metals' share trading policy, contact the Company Secretary at Sky Metals Limited's head office.