

12.1 – Securities Dealing Policy

1. 1. EFFECT OF THIS POLICY

1.1 Purpose of this policy

The purpose of this policy is to:

- provide a brief summary of the law on insider trading;
- set out the restrictions on dealing in securities by people who work for or are associated with Metalicity Resources Limited; and
- assist in maintaining market confidence in the integrity of dealings in Metalicity securities.

If you do not understand any part of this policy or how it applies to you, you should discuss the matter with the Managing Director or the Company Secretary before dealing in any securities.

1.2 Statement of policy

Whenever you have inside information which may affect the price or value of securities, you must not:

- deal in those securities; or
- communicate the information to anyone else.

This prohibition applies regardless of how you learned the inside information.

It applies not only to Metalicity securities, but also to securities of other companies which may be affected by inside information (refer to section 1.4).

Definitions of “inside information”, “securities” and “dealing” are set out below.

1.3 Who is covered by this policy

This policy applies to:

- executive and non-executive directors;
- full-time, part-time and casual employees; and
- contractors, consultants and advisers,

of Metalicity group companies.

12.1 – Securities Dealing Policy

1.4 What securities are covered by this policy

This policy applies to the following securities:

- Metalicity shares;
- any other securities which may be issued by Metalicity, such as options;
- derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to Metalicity shares, debentures and options; and
- securities of any other company or entity that may be affected by inside information (such as an Metalicity joint venture participant, another party involved in a corporate transaction with Metalicity or an Metalicity contractor or shareholder).

2. PROHIBITED CONDUCT

2.1 Insider trading

Insider trading is an offence under the Corporations Act. In broad terms, you will commit insider trading if you:

- deal in Metalicity securities or securities of another entity while you have inside information; or
- communicate inside information to another person knowing (or where you should reasonably have known) that the other person would, or would be likely to, use that information to deal in, or procure someone else to deal in, securities. This is commonly known as "tipping".

Individuals who contravene the insider trading provisions of the Corporations Act are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission. In both cases the offender may be ordered to pay compensation to anyone who suffered loss as a result of the insider trading and may be sued by another party or Metalicity in a civil action for any loss suffered as a result of the insider trading.

2.2 What is dealing?

For the purposes of this policy, dealing in securities includes:

- trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those things); and
- advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade in securities.

Communicating information includes passing it on to another person, such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust.

12.1 – Securities Dealing Policy

2.3 What is inside information?

Inside information is information that:

- is not generally available to people who commonly invest in securities; and
- if it was generally available, would (or would be likely to) influence experienced investors in deciding whether or not to subscribe for, purchase or sell Metalicity securities or securities of another entity.

It does not matter how you come to have the inside information - for example whether you learn it in the course of carrying out your responsibilities, in passing in the corridor or at a social occasion.

The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of "information" is broad enough to include information which is not definite enough to warrant public disclosure.

2.4 Short-term dealing

You must not engage in short-term or speculative dealing in Metalicity securities.

3. EXAMPLES OF INSIDER TRADING

3.1 Examples of inside information

The following list is illustrative only. Inside information about Metalicity could include:

- information relating to Metalicity's financial results;
- a possible sale or acquisition of assets by Metalicity;
- a possible change in Metalicity's capital structure;
- a proposed dividend;
- a proposed share issue;
- board or senior management changes;
- an event which could have a material impact (either positively or negatively) on profits (for example, an operational incident or exploration drilling results);
- a proposed change in the nature of Metalicity's business;
- a notification to Australian Stock Exchange Limited ("ASX") of a substantial shareholding in Metalicity;
- any information required to be disclosed to ASX under its continuous disclosure rules; and

12.1 – Securities Dealing Policy

- any possible claim against Metalicity or other unexpected liability.

3.2 Securities of other companies

In the course of your duties as an employee, director, adviser, consultant or contractor of Metalicity or an Metalicity group company you may obtain inside information in relation to another company. For example:

- In the course of negotiating a transaction with Metalicity another company might provide confidential information about itself;
- In the course of negotiating a transaction with Metalicity, another company might provide confidential information about a third party; and
- Information concerning a proposed transaction or other action by Metalicity might have a material effect on a third party.

The prohibition on insider trading is not restricted to information affecting Metalicity securities. Accordingly, if you possess inside information in relation to securities of another company or entity you must not deal in those securities.

4. PERMITTED DEALINGS

4.1 Dealing by employees

If you are not a director or a key executive of Metalicity:

- you can deal in Metalicity securities at any time provided you do not have inside information and are not involved in short term or speculative dealing;
- you should consider this policy prior to dealing; and
- you are not required to notify Metalicity if you intend to deal in Metalicity securities or after you have dealt in such securities.

4.2 Dealing by directors and key executives

If you are a director or a key executive of Metalicity, the following rules apply:

- If you are a director and you intend to deal in Metalicity securities you must first notify the Chairman of the Metalicity Board of Directors in writing of your intention. If you are the Chairman, you must notify the Chairman of the Nominations Committee;
- If you are a key executive and you intend to deal in Metalicity securities you must first notify the Managing Director in writing of your intention to deal. If you are the Managing Director you must notify the Chairman of the Metalicity Board of Directors; and

12.1 – Securities Dealing Policy

- If you subsequently deal in those securities you must confirm the dealing in writing to the person to whom your prior notice was given within 2 business days after the dealing. The confirmation must include:
 - your name;
 - the name of any person who dealt on your behalf;
 - details of your interest in the Metalicity securities the subject of the dealing;
 - the date of the dealing;
 - the number of Metalicity securities subscribed for, bought or sold;
 - the amount paid or received for those securities; and
 - the number of Metalicity securities held by you (directly or indirectly) before and after the dealing.

Directors must also notify the Company Secretary immediately of sufficient details of any dealing to enable notice to be filed in accordance with the ASX Listing Rules within 3 business days of the dealing.

For the purpose of this rule “dealing” means acquiring or disposing of securities directly or through a family trust, superannuation fund, company or in any other manner which would result in the director or key executive having or disposing of a relevant interest (as defined in the Corporation Act) in those securities.

5. CONSEQUENCES OF BREACH

5.1 Criminal or civil liability

Contravention of the Corporations Act is a serious matter which may result in criminal or civil liability or both.

In addition, breaches of this policy may damage Metalicity's reputation in the investment community and undermine confidence in the market for Metalicity securities. Accordingly, breaches will be taken very seriously by Metalicity and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

6. PUBLICATION

6.1 Where can I find this policy?

A copy of this policy:

- will be provided to all new directors and employees of Metalicity group companies as part of Metalicity's induction procedures; and
- will be available on the Metalicity website for all other persons covered by this policy.

12.1 – Securities Dealing Policy

7. REVIEW

7.1 Will this policy be reviewed?

The Board of Metalicity will review this policy annually to ensure that it continues to comply with all applicable laws and appropriate corporate governance practices.