

Eclipse Metals Limited Securities Trading Policy

1. Introduction

These guidelines set out the policy on the sale and purchase of securities in Company by the Directors, officers and all employees of the Company. In certain circumstances this policy also applies to contractors and consultants. Directors and employees are encouraged to be long term holders of the Company's securities.

The law prohibits and imposes severe penalties on insider trading, in particular the *Corporations Act 2001* (Cth) (**Corporations Act**), and the ASX Listing Rules (as applicable) require the disclosure of any trading in the Company's securities by its Directors or their related entities.

The purpose of these guidelines is to:

- assist Directors and employees to avoid conduct known as "insider trading";
- To explain the type of conduct in relation to dealings in securities of the Company that is prohibited under the Corporations Act which is applicable to all Directors and employees of the Company;
- To establish a best practice procedure relating to dealing in securities that provides protection to both the Company and employees against the misuse of unpublished information which could materially affect the value of the Company's securities.

In some respects the Company's policy may extend beyond the strict requirements of the Corporations Act. Ultimately it is the responsibility of the individual to ensure that none of his or her dealings could constitute insider trading.

For the purpose of this policy, dealing means buying or selling a security holding in the Company or entering into a margin loan, scrip lending or hedging arrangement which involves a security holding in the Company.

2. What is Insider Trading?

(a) Prohibition

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (i) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (ie. information that is "price sensitive");
- (ii) and that person:
 - (A) buys or sells securities in the Company; or
 - (B) procures someone else to buy or sell securities in the Company; or
 - (C) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

It is irrelevant how or in what capacity the person came into possession of the information. This means that the prohibition will apply to any employee or Director who acquires "inside

information” in relation to a financial product, no matter in which capacity and is prohibited dealing in that financial product.

(b) Examples

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of the Company’s securities:

- (i) the Company considering a major acquisition or disposal of assets;
- (ii) proposed changes in the nature of the business of the Company;
- (iii) the threat of major litigation against the Company;
- (iv) information relating to the Company's financial results;
- (v) the Company’s sales and profit results materially exceeding (or falling short of) the market’s expectations;
- (vi) a material change in debt, liquidity or cash flow;
- (vii) a significant new development proposal ie. new product or technology;
- (viii) the granting (or loss) or a major contract;
- (ix) management or business restructuring proposal;
- (x) changes to the Board; and
- (xi) a share issue proposal or other proposed changes in the capital structure, capital returns and buy backs of financial products.

(c) Dealing through third parties

A person does not need to be a Director or employee of the Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by Directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies.

(d) Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information. (e.g. even if the employee, consultant or Director overhears it or is told in a social setting).

(e) Confidential information

Employees and Directors also have a duty of confidentiality to the Company. A Director or employee must not reveal any confidential information concerning the Company, use that information in any way which may cause loss to the Company, or use that information to gain an advantage for themselves or anyone else. Directors and employee should ensure that if confidential information is required to be provided to external advisers that they are also aware they have a duty of confidentiality to the Company.

- (f) Insider Trading is Prohibited at all times

Notwithstanding any other provision of this policy, if you possess inside information, you must not buy or sell securities in the Company, advise or get others to do so or pass on the inside information to others. The prohibition applies regardless of how you learn the information.

The prohibition on insider trading is not restricted to information concerning the Company's securities. If a person has inside information in relation to securities of another company, that person must not deal in those securities.

3. Approval and Notification Requirements

- (a) Requirements before trading – Directors and employee

Before trading, or giving instructions for trading in the Company's securities a Director or employee must:

- (i) notify the Chairperson of his/her intention to trade and confirm that he/she does not hold any inside information. This notification should be made by completing the Company's Securities Dealing Request Form;
- (ii) have been advised by the Chairperson that there is no reason to preclude him/her from dealing in the Company's securities as notified. This confirmation will be provided by the Chairperson signing and returning the Securities Trading Request Form to the respective Directors and/or employee intending to trade. A copy of the final signed Securities Trading Request Form should be provided to the Company Secretary; and
- (iii) have complied with any conditions on trading imposed by the Chairperson (including, for example, any time limits applicable to the clearance).

In the case of the Chairperson intending to deal in the Company's securities, he must notify and obtain clearance from the Audit Committee Directors before dealing, or giving instructions for deal.

Directors and employees must subsequently confirm that trading has occurred by notifying the Company Secretary.

- (b) Notification of dealing – Directors

ASX Listing Rules and the Corporations Act require the Company to notify dealing in securities by Directors within 5 business days. Three appendixes are included in the Listing Rules for the purpose of this notification, being 3X Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.

Directors must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company.

The Company Secretary will draft the appropriate ASX appendix 3X, 3Y or 3Z notification for approval by the Director. This notification must then be lodged with ASX within 5 business days of the date of any such dealings.

4. Guidelines for trading in the Company's securities

- (a) General Rules

The Chairperson will generally not allow Directors or employees to deal in securities as a matter of course during:

- 5 business days prior to the release of the Company's quarterly reports (if appropriate) and for one business days after the release of the report;
- 5 business days prior to the release of the Company's half year financial results and for one business days after the release of the results;
- 5 business days prior to the release of the Company's full year financial results and for one business days after the release of the results;
- in any other period when the Company is in possession of unpublished price-sensitive information and for two business days after the release of such information; and
- any time it may be reasonably probable that notification of price-sensitive information is required pursuant to the ASX Listing Rules and for two business days after the release of such information.

In exceptional circumstances clearance may be given by the Chairperson for a Director or employee to sell (but not to purchase) securities when they would otherwise be prohibited from doing so but not while there exists any matter which constitutes unpublished price-sensitive information in relation to the Company's securities.

Directors and employees should ensure that they wait sufficient time after the release of an announcement to ASX before dealing in securities to ensure that the market has had time to absorb the information.

If a Director or employee of the Company is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at any time.

(b) No short-term trading in the Company's securities

Directors and employees should never engage in short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

(c) Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is "price sensitive". For example, where an individual is aware that the Company is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

(d) Exceptions

Directors and all employees may at any time:

- (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
- (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
- (iii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;

- (iv) acquire, or agree to acquire or exercise options under a Company share option plan;
- (v) withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan; and
- (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an Company employee option scheme.

It is noted however that:

- (vii) it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares is approved in accordance with section 3 of this policy; and
- (viii) where the exercise price of options is being provided by a margin loan or other form of lending arrangement then there may be a risk that the employee or Director may need to sell shares to avoid providing additional capital or security to the lender in the event of a decrease in the value of the shares.

Were this to occur at a time when the person possessed inside information then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

(e) General

The requirements imposed by this policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.

This policy covers dealing not only in the Company's shares, but also in other securities of the Company including options and warrant contracts and any debentures or notes issued by the Company.

(f) Breaches of policy

Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Policy History

Established: July 2013
 Last review:
 Review frequency: Annually or as required