



A.B.N. 71 002 802 646

29 December 2010

The Manager,  
Company Announcements Office,  
Australian Securities Exchange,  
20 Bridge Street,  
Sydney NSW 2000.

Dear Sir/Madam,

**Securities Trading Policy**

Hydromet Corporation Limited (ASX: HMC) is pleased to publish its Securities Trading Policy, which is provided so as to comply with ASX Listing Rule 12.9 when it comes into effect on 1 January 2011.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Pipvide Tang". The signature is stylized and cursive.

Pipvide Tang  
Company Secretary

**HYDROMET CORPORATION LIMITED**  
**ACN 002 802 646**  
**SECURITIES TRADING POLICY**

**1. Scope**

This document sets out Hydromet Corporation Limited's policy on dealing in Hydromet's Securities by its Directors, Key Management Personnel (KMP) and employees. The purpose of this policy is to assist those persons to avoid breaching of the insider trading legislation and ensure they have not engaged in any unlawful activity in relation to dealing with Hydromet's Securities.

**2. Prohibitions apply to all employees including Directors and KMP**

In accordance with the Corporation Act, employees or other persons must not deal in Hydromet's Securities when they are in possession of price sensitive information relating to Hydromet's Securities which has not been made public.

All employees are prohibited from providing others with inside information of the company under any circumstances at any time.

Insider trading is a criminal offence. Offenders could face substantial fines and/or a jail sentence.

**3. Prohibitions apply to Directors and Key Management Personnel**

Directors and KMP are prohibited from:

- short term trading of the company's Securities. Short term trading means the purchase and sale of the same Securities within a one month period;
- entering into transactions that limit economic risks related to unvested share-based payments;
- trading of Hydromet's Securities during the Closed Period and Prohibited Period.

**3.1 Notification of intention to trade Hydromet's Securities**

Directors and KMP are required to make the following notification of intention to trade and obtain written acknowledgement as follows (via email is acceptable) prior to dealing with the company's Securities:

- in case of Directors, acknowledgement from the Chairperson;
- in case of Chairperson, acknowledgement from the Deputy Chairperson or the CEO;
- in case of KMP, acknowledgement from the CEO.

The Director/KMP must deal with the Securities within 10 business days from the date of obtaining the acknowledgement. A new notification/acknowledgement is required if the Director/KMP wishes to deal beyond the 10 business days period.

**3.2 Trading during Prohibited Period**

A Director/KMP may deal with company's Securities during a Prohibited Period if:

- the person is in severe financial hardship;
- the person is required by a court order or some overriding legal or regulatory requirement to transfer or sell company's Securities;
- the person is under the circumstances that the Chairperson and the CEO of Hydromet deemed to be exceptional.

The person wishing to deal with the company's Securities during a Prohibited Period must make a notification to trade during Prohibited Period to the Chairperson, failing him the CEO. Written clearance (via email is acceptable) may be given by them at their sole discretion. Written clearance must be obtained prior to any dealing with company Securities by the person.

The person must deal with the Securities within 10 business days from the date of obtaining the written clearance. A new notification/written clearance is required if the person wishes to deal beyond the 10 business days period.

### **3.3 Notification of trade**

Directors/KMP are required to notify the company secretary within 2 business days after any change in their interests in company's Securities which then enables the company to notify the ASX under the listing rules.

## **4. Excluded trading**

The company may consider this policy does not apply under the following circumstances:

- transfer of Hydromet's Securities already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Hydromet's Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a restricted person is a trustee, trading in the Hydromet's Securities by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- undertakings to accept, or the acceptance of, a takeover over;
- trading under an offer or invitation made to all or most of the Hydromet Securities holders, such as, a right issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decision relating to whether or not to take up entitlements and the sale of entitlement required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- a disposal of securities of Hydromet that is the result of a secured lender exercising their rights;
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee/executive share option scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the company has been in an exceptionally long prohibited period or the company has had a number of consecutive prohibited period and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; and
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this trading policy and where:
  - a. the restricted person did not enter into the plan or amend the plan during a prohibited period;
  - b. the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and

- c. this trading policy does not allow the restricted person to cancel the trading plan or cancel or otherwise vary the terms of the person's participation in the trading plan during a prohibited period other than in exceptional circumstances.

## **5. Confidentiality agreements with external advisers**

The Company may, from time to time, require assistance and advice from external advisers. These external advisers could gain access to inside information of the company during the course of their services. It is the practice of the company to require external advisers to enter into confidentiality agreements in order to raise their awareness of the insider information legislation.

## **6. Interpretation**

**Closed Period** means the period from the close of books at half and full year end until the second business day after the release of their financial results for the half and full year respectively.

**Derivatives** means financial products which provide a financial return based on price movements of Securities (such as traded options, equity swaps and hedge contracts).

**Key Management Personnel** are those persons having authority and responsibility for planning, directing and controlling the activities of Hydromet Corporation Limited and its subsidiaries, directly or indirectly, including any director (whether executive or otherwise) of these entities. In this context, all directors, site managers, production managers, accountants and the company secretary of Hydromet and its subsidiaries are KMP of the company.

**Prohibited Period** means Closed Period together with other periods imposed by Hydromet under the circumstances that it becomes aware of any information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's Securities.

**Securities** means shares, debentures, options, options issued under executive and employee share option scheme, convertible notes and Derivatives.

Dec 2010