



1. OVERVIEW

1.1 Purpose

The Quay Magnesium Limited (Quay) Code of Conduct and Ethics (Code) governs all Quay commercial operations and the conduct of Directors, employees, consultants, contractors and all other people when they represent Quay (Personnel).

1.2 Provision of this Code

A copy of this Code will be given to all incumbent and new Personnel.

1.3 Questions – Interpretation & Enforcement of this Code

Any questions relating to the interpretation or enforcement of this Code should be forwarded to the Company Secretary.

2 GENERAL PRINCIPLES

2.1 Compliance with Laws

Quay, its subsidiaries and associated entities and Personnel are expected to comply, at all times, with all applicable laws. They are also expected to conduct Quay operations in keeping with the highest legal, moral and ethical standards.

2.2 Performance of Duties by Personnel

All Personnel of Quay, its subsidiaries and associated entities must conduct the business of Quay with the highest level of ethics and integrity in relation to each other and all others with whom they deal.

Personnel must act:

- (a) ethically, honestly, responsibly and diligently;
- (b) in full compliance with the letter and spirit of the law and this Code; and
- (c) in the best interest of Quay.

2.3 Breach of the Code

Any breach of applicable laws, accepted ethical commercial practices or other aspects of this Code will result in disciplinary action. Depending on the severity of the breach, such disciplinary action may include reprimand, formal warning, demotion or termination of employment/engagement (as the case may be).

Similar disciplinary action may be taken against any manager who directly approves of such action or has knowledge of the action and does not take appropriate remedial action.

Breach of applicable laws or regulations may also result in prosecution by the appropriate authorities. Quay will not pay, directly or indirectly, any penalties imposed on any Personnel as a result of a breach of law or regulation.

2.4 Reporting Breaches of the Code

All Personnel are requested to report immediately any circumstances which may involve a breach of this Code to the Company Secretary or the Chairman.

It is in the best interests of Quay for all Personnel to immediately report any observance of a breach of this Code.

3 COMPLIANCE WITH LAWS AND REGULATIONS

3.1 Quay Operations – Compliance with Laws

The operations of Quay are to be conducted in compliance with all laws and regulations applicable in Australia and in the jurisdictions in which Quay's operations and activities are being undertaken.

3.2 Observing the Letter and Spirit of the Law

Compliance with the law means observing the letter and spirit of the law as well as managing the business of Quay so that Quay and its Personnel are recognised as "good corporate citizens" at all times.

4 UNACCEPTABLE PAYMENTS

4.1 Prohibited Payments & Contributions

Unlawful payments of any kind must not be made to obtain orders or favourable treatment or for any other purpose.

4.2 Personnel's Responsibilities

Personnel must not seek or accept any type of compensation, fee, commission or gratuity from a third party in connection with the operations of Quay.

5 GIVING OR RECEIVING GIFTS

Personnel must not give, seek or accept in connection with the operation of Quay any gift, entertainment or other personal favour or assistance which goes beyond common courtesies associated with accepted ethical commercial practice.

6 PROTECTION OF QUAY ASSETS

6.1 Responsibilities of Personnel

Personnel are responsible for taking all prudent steps to ensure the protection of Quay's assets and resources. In particular, Personnel should take care to minimise the possibility of theft or misappropriation of Quay's assets and resources by any person.

6.2 Assets used for QUAY Purpose only

Personnel must ensure that Quay's assets and resources are used only for the purposes of Quay and in accordance with appropriate authorisations.

7 PROPER ACCOUNTING

7.1 Accounting Roles

Personnel must ensure that all Quay's accounting records accurately and fairly reflect, in reasonable detail, all underlying transactions and all of Quay's cash, assets and liabilities.

7.2 Maintenance of Accounting Records

Accounting records must be maintained in accordance with International Financial Reporting Standards and any financial and accounting policies issued by Quay.

8 DEALING WITH AUDITORS

Personnel must fully co-operate with the external auditors of Quay.

Personnel must not make a false or misleading statement to the external auditors of Quay and must not conceal any relevant information from the external auditors of Quay.

9 UNAUTHORISED PUBLIC STATEMENTS

9.1 Unauthorised Statements

Personnel must not, without prior consent of the Chairman which may be included in the terms of engagement or as advised from time to time, directly or indirectly state that they are representing Quay or its public position in respect of any matter.

9.2 Unauthorised Activity

Personnel must not directly or indirectly engage in any activity which could by association cause Quay public embarrassment or other damage.

10 CONFLICT OF INTEREST

10.1 Use of Position for Personal Benefit

Personnel must not use their position for personal benefit independent from the business of Quay or to benefit any other business or person.

10.2 Taking Advantage of Property

Personnel must not take advantage of any property or information belonging to Quay, or opportunities arising from those, for personal benefit independent from the business of Quay or to benefit any other business or person.

10.3 Interest in Third Parties

No Personnel, or Associate over which the Personnel has influence, may directly or indirectly have an equity interest in, or have a significant beneficial connection with, any business or individual with whom Quay has entered into a commercial contract, without the prior written consent of the Chairman or his nominee. For the avoidance of doubt, this paragraph permits contractors and consultants to have outside interests, providing that they are disclosed by the individual at the time of entering into contract with Quay.

10.4 Outside Business Activity

Personnel must not engage directly or indirectly in any outside business activity involving commercial contact with, or work for the benefit of, third parties with whom Quay has entered into a commercial contract, without the prior written consent of the Chairman or his nominee.

11 USE OF INSIDE INFORMATION

11.1 Non Disclosure of Confidential Information

Personnel must not disclose confidential Quay information to any third party without the prior consent of a Director of Quay, or if required by law.

11.2 Confidential Quay Documents

Personnel must maintain the confidentiality of all Quay's documents and must not disclose any information contained within the documents to any third party except if required by law or if the disclosure is for the benefit of Quay and is protected by a Confidentiality Agreement.

11.3 Personal Gain

Personnel must not use Quay's information for the purpose of directly or indirectly obtaining personal gain.

13. QUAY SHARE TRADING PLOICY

All Personnel must comply by the Quay Share Trading Policy.