

SCHMITT INDUSTRIES, INC.

INSIDER TRADING POLICY

As amended and restated on July 15, 2016

This Insider Trading Policy (the “Policy”) outlines procedures that all (i) directors, (ii) officers, (iii) employees, (iv) consultants and independent contractors who receive or have access to Inside Information (as defined below) about Schmitt Industries, Inc. (the “Company”), and (v) family members, other members of a person’s household and entities controlled by a person covered by this Policy (each, an “Insider”). Each Insider must follow this Policy with regard to the Company’s Inside Information. We have adopted this Policy in connection with our responsibilities as a public company, and it is important that you review this Policy carefully. Any questions pertaining to this Policy should be directed to the Company’s Chief Financial Officer or to the Company’s outside legal counsel.

A. Prohibition on Trading on Inside Information. No Insider may legally trade in the securities of the Company if such person possesses “material” information about the Company that has not been disclosed to the public. Such information is called “Inside Information” and is defined below. Trading on Inside Information not only violates the Company’s Policy, but also violates federal securities laws.

While you possess material information concerning the Company that has not been disclosed to the public, you cannot legally:

- *buy or sell the Company’s securities; or*
- *communicate such information to other persons (“tipping”).*

Persons who trade on Inside Information, as well as persons who have tipped others, and the persons who have received such Inside Information, may be the subjects of civil and criminal proceedings. In addition, any employee of or consultant to the Company who engages in such illegal conduct is subject to immediate discipline, including termination of employment or service.

B. Examples of “Inside Information.”

“Inside Information” is material nonpublic information and includes any information that has not been disclosed to the public and that likely would influence a reasonable investor to buy or sell the securities of a public company. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances and is often evaluated by enforcement authorities with the benefit of hindsight. Some examples of “material” information are:

- *Revenues, including increases and decreases in quarterly revenues;*
- *Earnings, including increases and decreases in quarterly earnings;*
- *Changes to previously announced earnings guidance, or the decision to suspend earnings guidance;*
- *A Company restructuring;*
- *Impending bankruptcy or the existence of severe liquidity problems;*
- *Significant related party transactions;*
- *Bank borrowings or other financing transactions out of the ordinary course;*
- *Significant mergers, acquisitions, securities offerings or other transactions;*

- *Unusual gains, losses or other changes in operations;*
- *Major personnel changes; and*
- *Significant customer wins or losses.*

You should treat all corporate information with discretion and discuss confidential data with those Company employees, consultants, or advisors who have a right and a need to know. Under no circumstances should you discuss the Inside Information with friends, relatives, or acquaintances. If you have Inside Information concerning the Company, you must refrain from trading in the Company's securities until you know that such information has been made public and the trading period for the Company's securities is open. Material information is not considered to have been "made public" until at least two (2) full trading days have elapsed since the information has been released by the Company to major U.S. news services or filed with the Securities and Exchange Commission.

C. Trading Blackout Period. In addition to the general prohibition against trading while in possession of Inside Information, you are prohibited from trading the Company's securities during the trading blackout period, which begins on the last day of each fiscal quarter and ends at the close of the second trading day after the day on which the Company's financial results for the quarter are released to the public markets through a press release, Form 8-K, Form 10-Q, or Form 10-K. In addition to the standard end-of-quarter blackout periods, the Company may, from time-to-time, because of material information known to the Company but not yet disclosed to the public, impose other blackout periods upon notice to those persons who are affected. For purposes of this Policy, a "trading day" shall mean a day on which the market on which the Company's securities is traded is open including a day on which the market is open but for less than the normal entire day.

D. Additional Restrictions for Certain Individuals. To ensure that persons do not give the appearance of impropriety in their trading activities, members of the Board, executive officers, vice presidents, and all directors and managers involved with finance (and administrative assistants to all such persons) should clear all transactions in the Company's securities in advance with the Company's Chief Financial Officer or with the Company's outside legal counsel.

E. Individual Responsibility to Comply with Policy. You should exercise appropriate judgment in connection with any transaction in the Company's securities and before trading seriously consider whether you have knowledge of Inside Information. From time to time, you may be required to forego a proposed transaction in the Company's securities even if you planned to make the transaction before learning of the Inside Information and even though you may suffer economic loss or forego anticipated profit by waiting.

F. Inside Information Regarding Other Companies. This Policy also applies to Inside Information relating to other companies, including the Company's customers, vendors, and suppliers ("Business Partners"), particularly when that information is obtained in the course of employment with, or other services performed for or on behalf of, the Company. Civil and criminal penalties, and discipline, including termination of employment, may result from trading on Inside Information involving Business Partners. You should treat Inside Information about Business Partners with the same care required with respect to information directly related to the Company.

G. Definition of "Trading." "Trading" includes open market purchases and sales, changes in ownership, loans, pledges and other transfers including gifts, but does not include stock option exercises, or open market purchases and sales of the Company's common stock (but not of derivative securities) executed pursuant to a contract, instruction, or plan that meets the requirements of Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

H. Absolute Prohibition on Trading in Derivative Securities. No member of the Board, officer, employee, consultant, or other person associated with the Company may (i) trade in any interest or position relating to the future price of the Company securities, such as options, warrants, puts, calls or short sales, or use the Company stock as collateral for margin loans; or (ii) use Company securities as covered collateral for a line of credit, loan, or other financing mechanisms.

I. Short-Swing Transactions. Directors and officers of the Company and certain other persons identified by the Company from time to time must also comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Securities Exchange Act of 1934, as amended. Under Section 16, officers, directors and such other persons who purchase and sell the Company's securities within a six-month period must disgorge all profits to the Company, whether or not they had knowledge of any Inside Information. So long as certain other criteria are met, neither the receipt of an option under the Company's option plans nor the exercise of that option is deemed a purchase under Section 16; however, the sale of any such shares is a sale under Section 16. Section 16 prohibits executive officers and directors from ever making a short sale of the Company's stock. Transactions in put and call options for the Company's securities may in some instances constitute a short sale or may otherwise result in liability for short-swing profits.

J. Inquiries. Please direct any questions as to any of the matters discussed in the Policy to the Company's Chief Financial Officer or to its outside legal counsel.

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