

## **TRADING IN SHARES**

Directors, Officers and employees of Compass Resources NL are encouraged to be long-term shareholders of company.

Care must be taken, however, as to how and when a Director, Officer or employee of the company buys or sells Compass securities.

This policy sets out the company policy for buying and selling Compass securities and applies to all Directors, Officers and employees of Compass Resources NL and its subsidiaries (collectively "Compass").

An employee (including a Director or Officer) of Compass may buy or sell Compass shares except if that employee possesses inside information.

If you are an employee of Compass and you possess inside information, you may NOT:

- buy or sell Compass securities;
- advise or procure another person (whether a family member, friend, associate, colleague, broker, private company or trust) to subscribe for, buy or sell Compass securities; or
- pass on that inside information to another person.

Inside information is information which is not generally available to the public and, if it were available, it would or would be likely to influence a person to buy or sell in Compass securities. Inside information is also called 'price sensitive' information.

For example, the financial performance of Compass which is not in the public domain is inside information. If you are aware of a material change in Compass's financial forecast or expectations (that is a material improvement or fall in the forecast profit of Compass which is outside market expectations) and this information has not been disclosed to the market, you would have inside information and would be unable to buy or sell Compass securities until that inside information is made publicly available. This inside information will be publicly available when an announcement has been released to the market via the ASX indicating an upgrade or downgrade in profit.

Other examples of inside information include:

- Compass is considering a major acquisition or disposal of assets
- Exploration or mining data or results prior to public disclosure where public disclosure is likely to have a material impact on the share price.
- there is a potential claim or threat of major litigation against Compass

- there is a material change to the financial statements flowing from a change in accounting policy adopted by Compass
- there is a recommendation or declaration of a dividend.

A Director, Officer or his/her Associate also may not deal in Compass securities, other than in exceptional circumstances, from 30 days prior to the release of Compass quarterly report until 2 days after it has been released to the ASX (Black-out period).

Exceptional circumstances referred to above are established with the consent of the Chairman, Audit Committee Chairman or Managing Director as applicable below.

A Director is required to obtain the consent of the Chairman or, in his absence, the Chairman of the Audit Committee in respect of any proposed dealing in Compass securities prior to any dealing by that Director or his associate.

The Chairman is required to obtain the consent of the Chairman of the Audit and Compliance Committee or, in his absence, the Managing Director prior to any dealing in Compass securities by the Chairman or his associate.

Approvals given under this clause:

- will only be given if that Director confirms in writing that he does not hold any inside information;
- will immediately lapse if the Director becomes in possession of inside information or after 14 days whichever sooner.

All dealings undertaken by a Director or his Associates in respect of Compass securities must be notified to the Company Secretary of Compass within 3 business days of the dealings taking place, together with all information required by Compass to comply with its disclosure obligations under the Listing Rules. Such disclosure by Compass satisfies Directors' obligations to notify the ASX whilst not removing the Directors' legal responsibility in this regard. Any dealing must be reported to the Board at the Board meeting immediately following the dealing being completed.

An Officer wishing to deal in Compass securities must obtain the consent of the Managing Director or, in his absence, the Chairman, prior to the dealing taking place.

Approvals given under this clause:

- will only be given if that Officer confirms in writing that he or she does not hold any inside information;
- must be in writing;

- will immediately lapse if the Officer becomes in possession of inside information or after 14 days, whichever is sooner.

For the purposes of this policy, an Officer has the meaning as defined in the Corporations Act and any other person which the Board may, from time to time, deem to be an Officer.

Directors and Officers are required to use their best endeavours to make an associate aware of and ensure compliance with this policy.

An Associate is regarded as being:

- immediate family of the Director or Officer
- a family company, trust or nominee over which the Director or Officer has control or is a beneficiary or may otherwise benefit.

A Director or Officer of Compass will not undertake trading in Compass securities for short-term gain i.e. buying and then selling Compass securities within a 12 month period.

A Director, Officer or employee may, however, sell Compass securities in order to facilitate the payment of an exercise price under an option incentive plan or other similar plan subject to strict compliance with this policy in respect of inside information.

Directors, officers or employees cannot use derivatives or hedging or other similar mechanisms to minimise equity risk in respect to securities not yet vested, or vested but subject to trading restrictions under an executive or employee share plan.

Discretion is vested in:

- the Chairman in relation to Directors; and
- the Managing Director in relation to Officers and employees,

to allow exemptions to this policy for individuals in special circumstances where the application of this policy may cause excessive hardship.

If an employee of Compass acquires non-publicly known inside information about a company (unrelated to Compass) or its businesses such as information acquired through working on a due diligence investigation, information about a proposed tender or major project, information about a client, customer or supplier that has come to that employee's knowledge through his or her employment with Compass, that employee must not deal in that entity's securities or pass that information to another person or encourage that other person to deal in that entity's securities.

This policy must be observed by Directors and Officers and employees at all times. A breach of this policy is considered to be serious misconduct and may lead to disciplinary action being taken, including dismissal in serious cases.

In addition, insider trading is a criminal offence and may also result in civil liability.

Any questions regarding this policy and how it is to be interpreted should be referred to the Company Secretary.