

Coal Fe Resources Limited

ABN 41 121 969 819

Security Trading Policy

Introduction

This document sets out the Company's policy on the sale and purchase of its securities by its Directors, key management personnel and employees.

This Policy:

- Includes a brief summary of the laws that govern dealings in the Company's securities when Directors, Employees and Others have inside information about the Company ("Insider Trading");
- Gives guidance to Directors, Employees and Others who may contemplate dealing in the Company's securities; and
- States the Company's position on, Employees and Others dealing in the securities of other companies where they are in possession of Inside Information because of their position in the Company.

Securities Covered by this Policy

This Policy applies to:

- Company shares;
- Other securities which may be issued by the Company, such as options;
- Derivatives, such as exchange traded options and warrants, and other financial products issued by third parties in relation to the Company's shares and options; and
- Securities of any other company or entity that may be affected by Inside Information, such as a Company joint venture participant.

General Prohibition on Insider Trading

All Relevant Persons are prohibited from trading in the Company's securities while in possession of unpublished price sensitive information concerning the Company. In addition, while in possession of unpublished price sensitive information Relevant Persons must not advise others to trade in the Company's securities or communicate the information to another person knowing that the person may use the information to trade in, or procure someone else to trade in, the Company's securities.

Unpublished price sensitive information is information which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities, and includes:

- a proposed major acquisition or disposition;
- a significant business development or a proposed change in the nature of the Company's business;
- reserve and resource compilation;

- exploration drilling results;
- details of material contracts that are being negotiated by the Company;
- potential litigation that would have a substantial effect on the Company;
- a proposed change to the share capital structure of the Company; and
- a major change to the Board or senior management.

Dealing through third parties

The insider trading prohibition extends to dealings by individuals through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "Associates" in these guidelines).

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.

Employee share schemes

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

Guidelines for Trading in the Company's Securities

Directors, key management personnel and employees must not except in exceptional circumstances deal in securities of the Company during the following periods:

- Seven (7) days prior to, and one (1) day after the release of the Company's Annual Financial Report;
- Seven (7) days prior to, and one (1) day after the release of the Consolidated Interim Financial Report of the Company; and
- Seven (7) days prior to, and one (1) day after the release of the Company's quarterly reports,

(together the Closed Periods).

No short-term trading in the Company's securities

Directors, key management personnel 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.

Exceptions

(a) Directors, key management personnel and 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 of 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 a Directors, key management personnel and employees in an employee share plan where the withdrawal is permitted by the rules of that plan;
- vi. acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- vii. transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- viii. make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- ix. where a restricted person is a trustee, trade in the securities of the Company 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;
- x. undertake to accept or accept, a takeover offer;
- xi. trade under an offer or invitation made to all or most of the security holders, such as a rights 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 decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- xii. dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
- xiii. exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert 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 or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or
- xiv. trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.

Outside Trading Window

Outside of the trading window, all Relevant Persons must receive clearance for the proposed trading of the Company's securities on by informing and receiving written approval from the Chairman (or if unavailable, the Managing Director) prior to undertaking a transaction.

Clearance to trade in the Company's securities outside of the defined Trading Windows may be granted in exceptional circumstances at the discretion of the Chairman (or if unavailable, the Managing Director). Exceptional circumstances would include, but not be limited to

cases of severe financial hardship, where court orders exist or other overriding legal or statutory circumstance requiring the sale or transfer of the securities.

Clearance to trade outside a trading window will apply for a period of 5 business days from the communication to the Relevant Person of the clearance to trade.

ASX Notification by Directors

Directors must notify the Company Secretary within two business days after any dealings in the Company's securities (either personally or through a third party). This enables the Company to notify ASX of the change in the Director's or connected person's interests within the requisite time frame of no more than 5 business days after the change has occurred.

It is the individual responsibility of Directors to ensure they comply with this requirement.

Consequences of Breach of the Policy

A breach of this Policy by any of the Company's Directors, key management personnel or employees or their family members may expose them to criminal and/or civil liability under the Corporations Act (Cth) 2001.

The Company will regard breach of this Policy as serious misconduct and is considered a cause for termination of employment or engagement.