



COMPASS RESOURCES LIMITED
(Subject to Deed of Company Arrangement)
(Receivers and Managers Appointed)
A.C.N. 010 536 820

18 February 2011

ASX Compliance Pty Ltd
PO Box H224
Australia Square NSW 1215

Dear Sir/Madam

Securities Trading Policy Disclosure

In accordance with ASX Listing Rules 12.9 and 12.12 please find attached a copy of Compass Resources Ltd's Securities Trading Policy.

Yours faithfully
Compass Resources Limited



Martin Jones
Joint and Several Deed Administrator

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Compass Resources Ltd

Policy on the Trading of Company's Shares

1. Policy Introduction

This policy has been adopted in order to regulate Director and Employee dealings in securities whilst they are in possession of non-public price sensitive information. In this regard, the policy aims to minimise any potential breach by the Company of the prohibitions on insider trading as outlined in accordance with the Corporations Act 2001(the Act).

All Company Employees subject to this policy must not trade Securities outside the stipulated trading windows whether in possession of inside information or not. Permission to trade outside these trading windows may be granted in exceptional circumstances (refer to Section 4.1) where requests in writing are made to the Company Secretary.

2. Who must comply with this Policy?

This policy applies to all Executive and Non-Executive Directors, Officers, Contractors and Employees of Compass Resources Ltd (CMR).

3. Overview of the insider trading provisions in the Corporations Act

Where a person (the insider) possesses inside information (examples provided at 4. below) and the insider knows, or ought reasonably to know, that the information is not generally available and if the information were generally available, a reasonable person would expect it to have a material effect on the price or financial product, the insider must not (whether as principal or as agent):

- Apply for, acquire, or dispose of, relevant financial products, or enter into an agreement to apply for, acquire or dispose of, relevant financial products;
- Procure another person to apply for, acquire, or dispose of, relevant financial products, or enter into an agreement to apply for, acquire, or dispose of, relevant financial products; or
- Directly or indirectly, communicate the information, or cause the information to be communicated, to another person the insider knows, or ought reasonably to know that the other person would be likely to use this information in such a way that would benefit them over the rest of the market.

4. What is inside information or Price Sensitive Information

Inside Information or Price Sensitive Information means information in relation to CMR that would, if the information were publicly known be likely to:

- Have a material effect on the price or value of CMR shares; or
- Influence persons who commonly invest in securities in deciding whether or not to buy or sell CMR securities.

Examples of possible inside or price sensitive information include:

- The financial performance of CMR;
- Information about results of exploration activities or project trials;
- Entry into or termination of a material contract (such as a major transaction joint venture or partnership agreement);
- A material acquisition or sale of assets by CMR; and
- A proposed dividend or a change in dividend policy.

If information is generally available, it will not be price-sensitive information.

Information is generally available if:

- It consists of a readily observable matter; or
- It has been brought to the attention of investors through an announcement to the ASX, and a reasonable period has elapsed since the announcement.

5. Trading Windows

5.1 When are the trading windows?

Executive and Non-Executive Directors and Officers – Closed Periods

All Executive and Non-Executive Directors and Officers of the Company must not deal with CMR Securities during the week immediately before or 2 business days after:

- The date of the Board meeting for the approval of the Company's interim and annual results;
- The release of the annual results;
- The release of the half year and quarterly results; and
- The Annual General Meeting.

To avoid any potential breach of insider trading rules, even outside this closed period all Executive and Non-Executive Directors and Officers must not deal with CMR Securities if they are in possession of inside information.

All Executive and Non-Executive Directors and Officers must provide the Company Secretary with full details in respect to any trade within five (5) business days of the trade completion. These details are to be released to the ASX.

Employees and Contractors – Closed Periods

Employees and Contractors of the Company must **not** buy or sell CMR securities between the close of the financial year, or half year, and a day which is at least 2 business days after the announcement of the Company's results.

To avoid any potential breach of insider trading rules, even after this period, all Employees and Contractors must not deal with CMR securities if they are in possession of inside information.

5.2 Prohibited Transactions

CMR insiders, in **all circumstances**, are prohibited from trading in Securities which:

- a. Provides lenders with rights over their interests in the Security;
- b. Enable the Employee to profit from or limit the economic risk of potential decrease in the market price for the shares;
- c. In circumstances where price sensitive information is yet to be released to the market;
- d. Information that concerns incomplete negotiations or proposals;
- e. Information that involves trade secrets;
- f. Information that may breach the provisions of the Corporations Act or other aspects of the Law; and
- g. Information produced for internal management purposes only.

5.3 Prohibited Periods

These periods include the Closed Periods as well as additional periods where the insider is in possession of price sensitive information that has not been released to ASX as the result of Listing Rule 3.1A. In these circumstances, the insider is prohibited from trading. Examples include: where disclosure of information is forbidden by law, or where negotiations are incomplete, involve trade secrets, or concerns information generated internally for the purposes of the Company.

5.4 Safe Times to trade Securities

In order to avoid breaching the insider trading provisions, the most appropriate time for all Employees to trade CMR Securities is during the following circumstances/period:

- when not in possession of price sensitive information that is not generally available to the market; or
- when CMR is not trading during closed or prohibited periods.

6. Reporting and Conduct of Trades

6.1 Exceptional Circumstances

An Employee who is not in possession of non-public price sensitive information may be given prior written consent from the Company Secretary to sell or dispose of Securities during a Closed Period where the following exceptional circumstances apply:

- Severe financial hardship;
- Where the Employee is required by a Court Order to sell or transfer the Securities; or
- A situation determined by the Board to be an exceptional circumstance.

Written consent must be obtained by **any** Employee who wishes to trade outside the trading windows. In any event, the Employee must trade within five (5) business days of the permission being granted.

6.2 Reporting trades

Once an Employee has traded a Security, all details pertaining to the trade (completion, date, price and volume), must be reported in writing to the Company Secretary within five (5) business days of completion.

Once an Executive and Non-Executive Director or Officer has completed a trade, he or she must report, without exception the following information:

- Date
- Price
- Volume
- Whether acquisition or disposal during a closed period
- Whether prior written clearance was obtained

All Executive and Non-Executive Director or Officer trades must be reported to the Company Secretary within five business days of completion.

7. Exclusions from this Securities Trading Policy

The following trading examples are not restricted by the terms of this Policy:

- An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) 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 securities of the entity 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 offer;

- Trading 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 entitlements and the entitlements under a renounceable pro rata issue;
- A disposal of securities of the entity that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement (though refer “Prohibited Transactions” with regard to margin loan arrangements);
- The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive 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 entity has been in a exceptionally long prohibited period or the entity 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;
- Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the 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. The entity’s trading policy does not allow for the cancellation of a trading plan during a prohibited period other than in exceptional circumstances.

8. Consequences of Insider Trading

Insider trading is strictly prohibited by law and any breaches of this policy by an Employee (in all circumstances) or a person closely related to, or associates with an Employee may be subject to:

- Civil liability: you can be sued by another party or the Company for any loss suffered as a result of illegal trading; and
- Criminal liability: penalties include fines and imprisonment.

Breaches of this Policy will be viewed seriously and may lead to disciplinary action being taken against the Employee. In serious cases, action such as termination of employment may be appropriate. Any Employee who becomes aware of a breach of this Policy should report it immediately to the Company Secretary.