



24 December 2010

The Manager  
Company Announcements  
ASX Limited  
Level 6, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**RE: Trading Policy**

In compliance with Listing Rule 12.9, attached is a copy of Cougar Metals NL's Share Trading Policy.

Any material amendments to the policy will be lodged with the ASX and posted to the Company's website. Please contact the Company Secretary with any queries on (08) 9381 1755.

Yours faithfully

A handwritten signature in black ink that reads "Randal Swick".

**RANDAL SWICK**  
Executive Chairman



## **TRADING POLICY**

### **1. Introduction**

The fully paid ordinary shares of Cougar Metals NL (“**Company**”) are quoted on the Official List of the Australian Securities Exchange (“**ASX**”). This Trading Policy (“**Policy**”) regulates the sale and purchase of the Company’s fully paid ordinary shares and other securities of the Company (collectively the “**Securities**”) by its directors, officers, employees and contractors.

### **2. Purpose**

The purpose of this Policy is to reduce the risk of insider trading and ensure that the Company’s directors, officers, employees and contractors are aware of the legal restrictions on trading Securities whilst in possession of Inside Information.

In addition, this Policy sets out when trading in Securities by directors, officers and “Key management personnel” (as defined in AASB 124 *Related Party Disclosures*) of the Company (**Key Management Personnel**).

For the purposes of this Policy, “**Inside Information**” means information concerning the Company that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities.

### **3. Insider Trading**

The insider trading provisions are contained in Part 7.10, Division 3 of the *Corporations Act* 2001 (Cth) (“**Corporations Act**”). The Corporations Act prohibits any person who possesses Inside Information and who knows, or ought to reasonably know, that the information qualifies as Inside Information from:

- dealing in Securities; or
- procuring another person to deal in Securities; or
- directly or indirectly communicating the Inside Information, or causing the Inside Information to be communicated, to any person who they know, or ought to reasonably know, would be likely to deal in Securities or procure another person to do so.

Maximum penalties under the Corporations Act for a breach of insider trading provisions are:

- a \$220,000 fine or imprisonment of 5 years or both in the case of a natural person;
- a \$1,100,000 fine in the case of a company; and
- unlimited civil liability.

#### **4. Policy**

Directors, officers, employees and contractors of the Company are prohibited from trading Securities whilst in possession of Inside Information, and should never communicate Inside Information to any other person, including family members and associates.

##### Black-out Periods

Consistent with ASX Listing Rules 12.9-12.12, all of the Company's directors, officers and Key Management Personnel are also prohibited from trading in Securities during the following "black-out periods":

- the period of 5 trading days prior to the date of release of the Company's financial results for the half and full year respectively;
- the period of 5 trading days prior to the date of release of the Company's cash flow report for each quarter; and
- the period of 5 trading days prior to the date of the Company's annual general meeting (or any general meeting).

##### Procedures for Prior Written Clearance

Notwithstanding anything contained in this Trading Policy, any director, officer, employee or contractor of the Company wanting to deal in Securities, including buying and selling, must obtain written approval from the Chairman (or in the case of the Chairman, the Board) prior to doing so.

In exceptional circumstances, where it is the only reasonable course available to the director, officer, employee or contractor of the Company, clearance may be given for them to sell (but not purchase) Securities when they would otherwise be prohibited from doing so (but not while there exists a matter which constitutes insider trading). Such clearance must be obtained by written approval from the Chairman (or in the case of the Chairman, the Board).

##### Exclusions from Policy

Trading excluded from this Policy includes trading under an offer or invitation made to all shareholders of the Company, such as a share purchase plan, rights issue, or a dividend or distribution reinvestment plan where the relevant plan or issue determines the timing and structure of the offer and this has been approved by the Board.