

CARBON MINERALS LIMITED

ABN 29 001 836 586

SECURITIES TRADING POLICY

1. Introduction

1.1 This Securities Trading Policy regulates dealings by the directors, officers, consultants, advisors, key management personnel and employees (together, Designated Persons) of Carbon Minerals Limited (Company) in shares, options and other securities issued by the Company. This policy also applies to related parties of Designated Persons.

2. Purpose

2.1 This policy sets out the circumstances in which the Designated Persons may deal in Company Securities with the objective that no Designated Person will contravene the requirements of the Corporations Act 2001 (Cth).

2.2 The purpose of this policy is to ensure that the Designated Persons are aware of the legal restrictions on trading shares, options or other securities while such a person is in possession of unpublished price-sensitive information concerning the Company.

2.3 Additionally, the purpose of the policy is to preserve market confidence in the integrity of dealings in Company Securities.

2.4 The policy recognises it is illegal for a person to trade in the Company's securities when he or she possesses unpublished price-sensitive information concerning the Company. This is regardless of whether the terms of this policy have been complied with.

3. Restrictions on Trading

3.1 Consistent with the legal prohibitions on insider trading, all Designated Persons are prohibited from trading in the Company's shares, options or other securities while in possession of unpublished price-sensitive information concerning the Company.

3.2 The Company's price-sensitive information is information, which a reasonable person would expect to have a material effect on the price or value of securities in the Company.

3.3 It is assumed for the purpose of this policy that the Designated Persons are often in possession of price sensitive information by virtue of their position. Accordingly, trading in the Company's shares, options or other securities by Designated Persons is *prohibited in the following circumstances*:

- a) if in possession of unpublished price-sensitive information (whether or not in a 'closed period');
- b) during closed periods;

Closed periods are as follows:

- (i) between 31 December and the release by the Company of its annual financial report for the year 1 January to 31 December;
- (ii) between 30 June and the release by the Company of its interim financial report for the period 1 January to 30 June;

unless exceptional circumstances apply under paragraph 3.7.

Note: (a) the requirements imposed by this policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading; and (b) the prohibition extends to trading in financial products over or in respect of the Company's shares, options or other securities commonly known as 'derivatives'.

3.4 Designated Persons are also prohibited from dealing in the securities of outside companies about which they may gain price-sensitive information by virtue of their position with the Company. This includes trading in securities of joint venture partners, customers and suppliers, where price sensitive information is held.

3.5 In addition, the Company requires that:

- a) Directors, officers, consultants, advisors and key management personnel must advise the Chairman of a proposed trade in the Company's shares, options or other securities prior to any trade and confirm they are not in possession of any unpublished price-sensitive information;
- b) the Chairman must advise the Board of a proposed trade in the Company's shares, options or other securities, prior to any trade and confirm he is not in possession of any unpublished price-sensitive information.

3.6 Exceptions to the policy:

The policy will not apply, subject to the Chairman being satisfied of the facts, where the trading results in no change in beneficial interest in the securities, where trading occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party, where the Designated Person has no control or influence with respect to trading decisions, where trading occurs under an offer to all or most of the security holders, or the exercise of options or rights where the final date for conversion falls during a prohibited period.

3.7 Trading in closed periods may be approved in advance by the Chairman at his discretion. Trading in closed periods by the Chairman may be approved in advance by the Board at its discretion. However, in the case of Directors, officers, consultants, advisors and key management personnel, permission will only be granted in 'exceptional circumstances'. These are:

- a) any circumstances that from time to time are considered 'exceptional circumstances' under any guidance issued by Australian Securities Exchange or the ASX Corporate Governance Council (or successor bodies); and
- b) any personal circumstances of financial or other hardship as determined by reference to such guidance and in any case generally at the discretion of the Chairman or Board, as appropriate, (whether or not within any guidance).

Advance clearance must be obtained by a request (in writing or by electronic communication) specifying the reasons why clearance is sought. The Chairman or Board, as appropriate, may:

- a) request the provision of such further information or evidence as they may decide;
- b) give or withhold clearance in their discretion without having to give reasons; and
- c) grant clearance on terms and conditions including as to windows during which the trading may occur; in each case in writing or by electronic communication.

Any terms and conditions of clearance must be adhered to including any windows during which the trading may occur. Whether or not expressed at the time of grant, the clearance is subject to the express condition that the Company may make such disclosure regarding the grant and clearance as required by law or in response to inquiries by securities exchanges and regulators although every effort will be made to respect the privacy of individuals within the limits of the law.