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SOLIMAR ENERGY LIMITED

SECURITIES TRADING POLICY

August 2008

1. Introduction

1.1 The purpose of this policy is to provide guidance to Directors, Executives, and those who work for or are associated with Solimar Energy Limited and its subsidiaries ("**the Company**"). In particular this policy seeks to:

- (a) Provide a brief summary of the law on Insider Trading;
- (b) Set out the restrictions on dealing in securities; and
- (c) Assist in maintaining market confidence in the integrity of dealings in the Company's securities.

1.2 This policy applies to:

- (a) Executive and Non-Executive Directors and Associates,
 - (b) full-time, part-time and casual employees and Associates,
 - (c) contractors, consultants, advisers and Associates,
- of the Company and its subsidiaries.

1.3 This policy applies to the following securities:

- (a) The Company's shares; and
- (b) Any other securities issued by the Company.

2. Inside Information & Insider Trading

- 2.1 Any person referred to in section 1.2 possesses "Inside Information" in relation to the Company where:
- (a) the person possesses information that 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 value of the Company's securities; and
 - (b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.
 - (c) A reasonable person would be taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to deal in the Company's securities in any way.
- 2.2 Any person referred to in section 1.2 who possesses Inside Information in relation to the Company must not:
- (a) deal in the Company's securities in any way;
 - (b) procure another person to deal in the Company's securities in any way; or
 - (c) directly or indirectly communicate the information, or cause the information to be communicated, to another person if the person knows (or reasonably ought to know) that the other person would, or would be likely to, deal in, or procure someone else to deal in, the Company's securities in any way.
- 2.3 Breaches of this trading policy will also be taken very seriously by the Company. Individuals involved will be subject to disciplinary action, including possible termination of their employment or appointment.

3. Procedure for Trading in Securities

- 3.1 Subject to the requirements of the Corporations Act and the above Policy requirements, any person referred to in section 1.2b and section 1.2c:
- (a) may deal in any of the Company's securities at any time provided they are not in possession of Inside Information relating to that security and are not involved in short term or speculative dealing. In general, the purchase of securities with a view to resale within a 12 month period and the sale of securities with a view to repurchase within a 12 month period would be considered to be transactions of a "short term" nature. However, the sale of shares immediately after they have been acquired through the conversion of a security (eg. exercise of an option) will not be regarded as short term trading;
 - (b) is not required to notify the Company Secretary if they intend to deal in the Company's securities or have dealt in them; and
 - (c) must not deal in any of the Company's securities during a period in which the Board has imposed a restriction on dealing.

- 3.2 Subject to the requirements of the Corporations Act and the above Policy requirements, a person referred to in section 1.2a who intends to deal in the Company's securities:
- (a) may buy or sell securities of the Company on the ASX in the period of 31 days from the second day following:
 - (i) the announcement of half yearly results;
 - (ii) the announcement of annual results; and
 - (iii) the holding of the Annual General Meeting.
 - (b) may buy or sell securities of the Company during the period where the Company has a current prospectus or other form of disclosure document on issue to which persons may subscribe for securities of the Company.
 - (c) must not be in possession of Inside Information relating to the securities and must not be involved in short term or speculative dealing. In general, the purchase of securities with a view to resale within a 12 month period and the sale of securities with a view to repurchase within a 12 month period would be considered to be transactions of a "short term" nature. However, the sale of shares immediately after they have been acquired through the conversion of a security (eg. exercise of an option) will not be regarded as short term trading;
 - (d) must not deal in any of the Company's securities during a period in which the Board has imposed a restriction on dealing; and
 - (e) must, once they have dealt in the Company's securities, confirm the dealing in writing to the Company Secretary within 2 business days from it occurring. This confirmation should include all information as required by ASX Listing Rule 3.19A.2.
- 3.3 Subject to sections 3.1 and 3.2 above all parties referred to in section 1.2 may:
- (a) acquire the Company ordinary shares by conversion of securities giving a right of conversion to ordinary shares;
 - (b) acquire securities in the Company under a bonus issue made to all holders of securities of the same class;
 - (c) acquire securities in the Company under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
 - (d) acquire or agree to acquire, shares or options under any employee share or option plan implemented by the Company; and
 - (e) exercise options granted by the Company (pursuant to any option plan or otherwise) but may only sell all or part of the shares received upon exercise in accordance with this policy.

4. ASX Notification

- 4.1 In accordance with ASX Listing Rule 3.19A and section 205G *Corporations Act* 2001, where there has been a change in the relevant interest of a person referred to in section 1.2a in the securities of the Company or a related body corporate of the Company, the Company must notify the ASX of the change within 5 business days after any change.

4.2 Within two business days, a person referred to in section 1.2a must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC and ASX as required by the *Corporations Act 2001* and the ASX Listing Rules.

5. Questions

5.1 If you have any questions regarding this policy you should contact:

the Company Secretary, Chris Bowyer, on +61 3 9347 2409 or email at chrisb@solimarenergy.com.au

6. Definitions

In this Policy on dealing in the securities of the Company:

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means the Australian Securities Exchange Limited.

"**Corporations Act**" means the Corporations Act 2001 (Cth) as amended from time to time.

"**Associate**" includes nominee companies, spouses, dependent children and family trusts.

"**securities**" includes shares, debentures (including convertible notes), rights, options, employee options, prescribed interests and warrants.

"**deal**" includes any transaction associated with buying, selling, subscribing for or converting a security, or entering into an agreement to do any of those things.

"**Inside Information**" is information that if it was generally available and known to the market, a reasonable person would expect it to have a material effect on the price or value of the Company's securities, and includes, without limitation:

- sales figures;
- results of daily drilling;
- profit forecasts;
- borrowings;
- liquidity and cashflow information;
- significant changes in operations;
- management restructuring;
- significant litigation;

- impending mergers acquisitions, reconstructions, takeovers;
- major asset purchases or sales or new drilling commitments;
- new products and technology;
- unpublished announcements;
- proposed changes in the general character or nature of the business of the Company;
- changes in the Board;
- new significant contracts or customers;
- proposed changes in the Company's capital structure (including share issues, rights issues and the redemption of securities); and
- any entity proposed to buy, or a shareholder proposing to sell a substantial number of shares in the Company.