

# AUSTRALIAN SOLOMONS GOLD LIMITED

A.C.N. 109 492 373 ("the Company")

## BOARD POLICY DOCUMENT No. 4

## TRADING BLACK-OUTS

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### 1. PURPOSE

- 1.1 The Board of Australian Solomons Gold Limited ("the Company") believes the integrity and appropriate disclosure of Company information is of paramount importance. Accordingly the Board issues this Blackout Policy that describes periods of time, called "trading blackouts", during which the Company's directors, officers, employees, and their family members, may not trade the Company's securities, or the securities of any other company (such as a subsidiary) whose price may be affected by a pending corporate announcement.
- 1.2 The purpose of this Board Policy Document is to provide a policy prohibiting those with access to "material non-public information" from making use of such information in trading in the company's securities before the information has been fully disclosed to the public.
- 1.3 A reasonable period of time allowing for dissemination of the information to the general public must have passed before any confidential information about the company can be relied on in making a trade in the company's securities. *Further information on when and how material information is to be disclosed by management, and for management guidelines on maintaining the confidentiality of Company information, please see attached "Appendix A".*
- 1.4 This policy contains a number of specialised terms which are defined in section 6 of this Board Policy Document.
- 1.5 This Board Policy Document will be regularly reviewed and may be amended by the Board at its discretion at any time so as to continue to be aligned with the broad objectives of the Company and its subsidiaries.

### 2. POLICY

- 2.1 This Blackout Policy applies to the following parties associated with the Company (all of whom are "Company Associates");
  - (1) all members of the Board of Directors;
  - (2) all senior officers;
  - (3) all "Insiders";
  - (4) all full and part-time employees;
  - (5) all independent contractors;
  - (6) any company, partnership, trust or other organised legal entity controlled by any one or more of the Company Associates listed above; and
  - (7) any other party associated with the Company that may, from time to time, be designated by the Board as a party to whom this Policy should apply.
- 2.2 Any person who has any questions about specific transactions may obtain additional guidance from David Roach, Chief Financial Officer and Company Secretary, who will act as a co-ordinator of this policy. However, the ultimate responsibility for adhering to the policy and avoiding improper transactions rests with the individual. In this regard, it is imperative that each individual is fully acquainted with this policy and acts accordingly to avoid conflict.
- 2.3 The purpose of the policy is two-fold:
  - (1) To ensure compliance with all relevant securities law that govern:
    - (a) trading in Company securities while in possession of material non-public information concerning the Company, and
    - (b) tipping or disclosing of material non-public information to outsiders; and

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- (2) To prevent even an appearance of improper insider trading or tipping, which is strictly prohibited by law, any breach of which may result in fines and/or imprisonment.

This policy extends beyond the Company's legal obligation of ensuring that applicable insider trading laws, regulations and policies are being met.

It is intended to cover practical situations where, from a market perspective, the Board concludes that it is inappropriate, and therefore prohibited, for Company Associates to be trading in securities.

A trading blackout is also a restriction over and above "insider trading" restrictions. Therefore any Company Associate that is also an "insider" of the Company will have to comply with all relevant securities laws that govern "insider trading" as well as this Policy.

2.4 This Policy governs all "Securities" which is a very broadly defined term, and includes:

- (1) common shares and shares of any other class;
- (2) stock options and warrants;
- (3) securities convertible into shares or other securities such as convertible notes and debentures;
- (4) rights and obligations exercisable for shares or other securities; and
- (5) any other right which would constitute a security under securities legislation.

### 3 TRADING BLACKOUTS

3.1 A trading blackout is a situation that will be imposed by management, typically the Chief Financial Officer, on all Company Associates from time to time. Until the trading blackout is lifted, no Company Associate will be entitled to:

- (1) convert or exercise any convertible or exercisable securities of the Company, including stock options;
- (2) sell any securities of the Company whether privately or through the market; or
- (3) purchase any securities of the Company whether privately or through the market.

3.2 Once the trading blackout is lifted, Company Associates will again be entitled to exercise options, and purchase and sell securities.

3.3 All Company Associates will be advised when a trading blackout is invoked and when it has been lifted. In certain situations, management will be able to advise *in advance* when it is to be lifted. Otherwise, Company Associates will have to wait to be advised.

3.4 Company Associates can expect a blackout to be invoked:

- (1) Five trading days before the announcement of any financial results, such as the quarterly financial results and annual financial results, "until two full trading days have elapsed" following the trading day on which the results were announced.
- (2) During negotiations of a material transaction until it has been determined that the transaction will go ahead or not proceed. A blackout will stay in effect until two full trading days have elapsed following the trading day on which the transaction is publicly announced, if it is proceeding, or until the trading day following the day discussions about the transaction have terminated, if it is not proceeding.
- (3) While there is a "Material Change" pending which has not yet been publicly announced. Once announced, a blackout will remain in effect until two full trading days have elapsed following the trading day on which the material change was announced.

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- (4) At any other time management deems it appropriate to invoke a trading blackout. The Company retains the full, unfettered right to determine *if and when* a blackout will be imposed and when it will be lifted.

### 4 FAILURE TO COMPLY WITH THIS POLICY

4.1 Failure to comply with this Policy may result in any *one or more* of the following consequences:

- (1) Constitute grounds for the Company Associate's dismissal for cause.
- (2) Entitle the Company to terminate any independent contractor agreement with a Company Associate.
- (3) Entitle the Company to be indemnified by the Company Associate for any liability or damages the Company may incur as a result of the Company Associate's breach of this Policy.

*\*The obligation to comply with this Policy is solely the responsibility of the Company Associate.*

4.2 The Company assumes no liability on behalf of the Company Associate of any kind whatsoever should the Company Associate fail to comply with this Policy and incur liability or suffer damages.

4.3 The Company may include a cross-reference to this Policy in its employment and independent contractor agreements whereby the Company Associate will be asked to acknowledge this Policy and agree to abide by it. Notwithstanding this, all Company Associates will be asked to sign the Acknowledgement attached, and by doing so agree that this serves as an amendment to any employment agreement or independent contractor agreement that they may have signed with the Company or any affiliate of the Company.

### 5 CONFIDENTIALITY

Company Associates should refer to the terms set out in the Company's policies regarding confidentiality, including Appendix A to this Trading Blackout Policy. In addition, individual agreements between the Company and a Company Associate may have additional terms regarding confidentiality.

### 6 DEFINITIONS

In these Rules, unless the contrary intention appears:

**"Insider Trading"** - *means* buying or selling shares or other securities on the basis of price sensitive information that is not generally available to others. It includes procuring or inducing another person to buy or sell securities about which insider information is known.

An **"Insider"** - *is* any person who possesses information that is not generally available where that information would reasonably be expected to have a material effect on the price or value of the securities of the company. Anyone who has inside information about the company, whether or not they are associated in any way with the company concerned, qualifies as an insider. It is irrelevant how the information was obtained.

**"Tipping"** - *occurs* when an insider communicates inside information to another person, either directly or indirectly, when the insider knows or should reasonably know that the other person would or is likely to use that information to deal in securities or to induce a third party to deal in the securities. It is a form of insider trading and is prohibited by law.

**"Material Change"** *means*, if used in relation to the affairs of the Company, a change in the business, operations, assets or ownership of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company, and includes a decision to implement that change, as it may be made by either:

- a) Senior management of the Company who believe that confirmation of the decision by the directors is probable; or
- b) The directors of the Company.

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**"Material Fact"** - *means*, where used in relation to securities issued or proposed to be issued, a fact that significantly affects, or could reasonably be expected to significantly affect, the market price or value of those securities. While it is not possible to identify all information that would be deemed "material", the following types of information ordinarily would be considered material:

- a) Financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity
- b) Company projections and strategic plans
- c) Potential mergers and acquisitions or the sale of Company assets or subsidiaries
- d) New major contracts or finance sources, or the loss thereof
- e) Significant acquisitions or dispositions of assets, property or joint venture interests
- f) Results of any asset or property development, discovery or exploration, whether positive or negative
- g) Stock splits, public or private securities/debt offerings, or changes in Company dividend policies or amounts
- h) Significant changes in senior management
- i) Significant labour disputes or negotiations
- j) Actual or threatened major litigation, or the resolution of such litigation.

**"Material Non-public Information"** - *means*, material information (material fact or material change) that has not been widely disseminated to the public through major newswire services, national news services and financial news services. For the purposes of this Policy, information will be considered public, i.e. no longer "non-public", after the close of trading on the second full trading day following the Company's widespread public release of the information.

**"Trading Day"** - *means*, any day of the week on which the stock market, or trading facility that lists any of the Company's securities, is open, whether or not the Company's securities actually trade on that day or not.

**"Until Two Full Trading Days have Elapsed"** - *means*, that if, for example, the Company announces the transaction on a Monday and a trading blackout is invoked, no trading can occur until the opening of the market on Thursday. In this example, Tuesday and Wednesday would be the two full trading days that must elapse before trading can occur. Note that this example assumes that the market is open all four days. If there were a holiday during this period resulting in the market being closed on one or more of those days, then the holiday days do not count and the period would have to be extended accordingly. Only trading days are counted.

Approved by the Board on [27] day of April 2006

Signed for an on behalf of the Board of Australian Solomons Gold Limited

Stephen C Everett  
Chairman

"APPENDIX A"

MANAGEMENT GUIDELINES

1 Public Release of Company Information

Management may consider designating specific corporate officers to be responsible for disclosing corporate information. These officers would:

- Be completely familiar with the Company's operations
- Be kept up to date and fully informed of any pending material developments
- Have a sufficient understanding of stock exchange and securities laws, disclosure rules and the Company Blackout Policy to be able to determine whether or not a piece of information is material
- Be responsible for communication with the media, shareholders and securities analysts
- Have back-up officers familiar with the terms and importance of disclosure rules in case such officers are unavailable.

Management may also want to ensure that these officers have access to a file containing all relevant public information about the company, including news releases, brokerage research reports and debriefing notes following analyst contacts.

2 Confidentiality

Management may also consider taking the following steps to ensure the complete confidentiality of the Company's material information:

- All staff are aware that no disclosure of material information ought to be made except in the necessary course of business
- If information has been disclosed in the necessary course of business, all Company Associates understand and agree to keep it confidential
- No select disclosure of confidential information should be made to third parties. For example, where material information is disclosed to an analyst in a Company meeting, this constitutes tipping, and is prohibited by law
- Where the selective disclosure of confidential information inadvertently occurs, the Company must immediately disclose the information publicly by issuing a press release.

As an additional guideline, Management should also take steps to:

- Limit the number of people with access to confidential information
- Require confidential documents to be locked up and code names used if necessary
- Ensure that confidential documents cannot be accessed through technology such as shared servers
- Educate all staff about the importance of keeping certain Company information confidential and that no discussion of confidential information should be undertaken where the individuals may be overheard.

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**ACKNOWLEDGEMENT**

**TO:** Australian Solomons Gold Limited (the "Company")  
**FROM:** The undersigned signatory (the "Company Associate")  
**RE:** **TRADING BLACKOUT POLICY**

The undersigned Company Associate hereby acknowledges to and agrees with the Company that:

- (1) It has been advised that the Company is a public company;
- (2) The Company requires that any party that is associated with it be advised of its Blackout Policy and agree to abide by it;
- (3) The Company Associate has been given a copy of the Company's Blackout Policy and has read it, understood it and agrees to abide by it; and
- (4) If the Company Associate is party to an employment agreement or independent contractor agreement with the Company, then the Company Associate acknowledges and agrees that such agreement is hereby amended by the Blackout Policy.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

SIGNED, SEALED and DELIVERED by the Company Associate:

Acknowledged and agreed to by the Company:

\_\_\_\_\_  
Signature of Company Associate

\_\_\_\_\_  
Signature for Australian Solomons Gold Limited

\_\_\_\_\_  
Name of Company Associate (PRINTED)

:  
\_\_\_\_\_  
Name of Company Executive (PRINTED)