

Date: 20 January 2011

Re: Share Trading Policy

In accordance with Listing Rule 12.9, followed is a copy the Company's Share Trading Policy.

Yours Faithfully,



Drew Townsend

Chairman

13. Share Trading Policy

13.1 Introduction

This policy has been implemented to prevent the incidence of 'insider trading' in securities of QTM by Directors, all Employees and persons associated with any of them. It also imposes disclosure requirements on directors. The policy does not apply to excluded dealings set out in 13.13 below.

This policy outlines:

- (1) When trading in the Company's securities by Directors and other Employees is permitted;
- (2) When trading in other securities by Directors and Employees is not permitted; and
- (3) Sets out procedures to reduce the risk of insider trading.

13.2 Objectives

The objectives of this policy are to:

- (1) Ensure that Directors and Employees of the Group are aware of the legal restrictions on trading securities in the Company while a person is in possession of unpublished Company or Group price-sensitive information;
- (2) Minimise the risk of directors and Employees of the Group contravening the laws against insider trading;
- (3) Ensure the Company is able to meet its reporting obligations under the Australian Stock Exchange (ASX) Listing Rules;
- (4) Ensure the Company complies with the principles of good corporate governance and best practice recommendations set out by the ASX Corporate Governance Council; and
- (5) Increase transparency with respect to trading in securities of the Company.

To achieve these objectives, Directors and Employees should consider this policy to be binding on them in the absence of specific exemption by the board.

13.3 Definitions and Interpretation

In this policy, unless the context otherwise requires:

- (1) **Act** means the Corporations Act 2001;
- (2) **Business Day** has the meaning given in the ASX Listing Rules;

- (3) **Deal in Securities** means apply for, buy or sell shares, options or other securities in the Company, or enter into agreements in relation to shares, options or other securities in the Company and includes dealing in securities by associates of the relevant person and procuring another person to do any of these things. A Director or Employee, as appropriate, must ensure that any associate of theirs does not deal in circumstances where the Director or Employee themselves would be prohibited from dealing;
- (4) **Designated Officer** means any director and any other person engaged in the management of the Company or a company within the QTM Group, as an Employee.
- (5) **Financial Product** means a facility through which, or through the acquisition of which, a person makes a financial investment, manages financial risk or makes non-cash payments;
- (6) **Generally Available** means generally available as defined in section 1042C of the Act;
- (7) **Group** means the Company and its subsidiaries and any other entity or operations in which the Company or any subsidiary has an interest from time to time;
- (8) **QTM** or the **Company** means Quantum Energy Limited; and
- (9) **Price Sensitive Information** means information which a reasonable person would expect to have a material affect on the price or value of securities in the company as defined in section 1042D of the Act.

13.4 Insider Trading.

- (1) A person undertakes insider trading if that person trades in the Company's securities while possessing information about the Company that is:
 - (a) Not Generally Available; and
 - (b) Price Sensitive Information.
- (2) The prohibition against insider trading prevents a person in possession of Price Sensitive information that is not Generally Available from:
 - (a) Dealing in securities;
 - (b) Communicating Price Sensitive Information to others who might deal in the securities; or
 - (c) Procuring another person to trade in the Company's securities.

13.5 Policy: Black out periods in which trading by Directors and Employees in the Company's Securities is generally prohibited.

It is the Company's policy that Directors and Employees are prohibited from Dealing in the Company's securities or Financial Products in respect of each of the following periods (each a black-out period):

- (1) Within the period commencing on the day being 3 weeks prior to the balance date for the relevant half yearly or annual results and ending on the release of those results;
- (2) There exists price sensitive information that has not been disclosed to ASX because of an ASX Listing Rule exception or within the period when a Director or Employee becomes aware of any company announcement until after such announcement has been published on the ASX. Directors and Employees should wait at least [1] Business Day after the end of the relevant Black Out period before dealing in securities so that the market has had time to absorb the information;
- (3) A Director or Employee may not Deal in Securities of the Company unless:
 - (a) They have satisfied themselves that they are not in possession of any Price Sensitive Information that is not Generally Available to the public;
 - (b) They have advised the Chairman (in the case of directors) or the Managing Directors (in the case of all other Employees) of their intention to do so
 - (c) The Chairman or Managing Directors (as the case may be) has made appropriate enquiries with the board and if the board is undecided then sought independent legal advice; and
 - (d) The Chairman or Managing Director has indicated in writing that there is no impediment to them doing so. There is no obligation on the Company proving confirmation of clearance, though if it does so it may be notified by email and will be valid for 10 Business Days from the date issued unless specified otherwise.
- (4) Directors or Employees must not communicate Price Sensitive Information to a person who may deal in securities of the Company,
- (5) In addition, a Director or Employee must not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) that they buy or sell securities in the Company.

13.6 When a Director or Employee may deal

A Director or Employee may deal at any time that is not restricted as per clause 13.5 subject to all the procedures of clause 13.5(3) being implemented.

13.7 Exceptional Circumstances — Permission to deal in a Prohibited Period

- (1) In exceptional circumstances a Employee, who is not in possession of Price Sensitive Information that is not Generally Available may seek clearance from the Chairman and at least one other director for the Employee to sell (but not to purchase) securities when he or she otherwise would not be permitted to do so by this policy.
- (2) An example of the type of circumstances which may be considered exceptional for these purposes would be severe financial hardship on the part of the Employee that cannot otherwise be satisfied, an overriding legal or regulatory requirement or other exceptional circumstance determined by the Chairman or Board, to be an exception circumstance;
- (3) The determination of whether the circumstances are exceptional for this purpose must be made by the Chairman and at least one other Director.
- (4) This exception shall never apply unless the circumstances in clause 13.5(3) can be satisfied.

A request under this clause 13.7 must be in writing to the Chairman setting out the reasons and the details of the exceptional circumstances and confirming that the applicant is not in possession of Price Sensitive Information that is not Generally Available. The application may be sent by email and if the Chairman is the applicant the application must be for forwarded to the other Directors. The response may be made by email and if approved, the approval will be valid for 10 Business Days unless otherwise specified.

13.8 Notification of directors' dealings in securities

- (1) A director of a listed company must notify ASX within 14 days of acquiring or disposing of a relevant interest in any securities of the Company (section 205G of the Act). This is an obligation of the director, not the Company. There is no prescribed form for such notifications.
- (2) The Company (in this case as the agent of the director for the purposes of section 205G of the Act) must notify the ASX of dealing in securities by directors within 5 Business Days (ASX Listing Rules 3,19A and 3,19B).
- (3) Three appendices are included in the ASX Listing Rules for the purpose of this notification:
 - (a) 3X: Initial Director's Interest Notice;
 - (b) 3Y: Change of Director's Interest Notice; and
 - (c) Final Director's Interest Notice.

- (4) Whether an Appendix 3Y is lodged with ASX, the director's obligations under section 205G of the Act will be satisfied.

So that the Company can comply with its notification obligations to ASX each Director must immediately report the following to the Company Secretary:

- (1) Details of all Company Securities acquired or disposed, or relevant interests acquired or disposed, in respect of Company Securities;
- (2) Details of date, price and volume in respect of the above;
- (3) Details of where the trade occurred in a prohibited Period, and if so whether prior clearance was sought and if so whether it was granted.

13.9 Clearance to deal from company secretary

Directors must notify the company secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company.

13.10 Breach of Policy

A breach of this policy by a Director or Employee will be regarded seriously. It may constitute a breach of the law and it may lead to disciplinary action being taken against the Director and other Employees and may result in a summary dismissal.

13.11 Speculative Dealing, Security Arrangements and Margin Lending

Directors or Employees must not at any time engage in short-term trading in securities of the Company. Directors or Employees must not enter into arrangements that provide lenders with rights over their Company Securities without prior written approval of the Chairman. Without limitation of the above, no Director or Employee may enter into a margin loan or similar funding arrangement to acquire any Company Shares.

13.12 Further Information

- (1) If a Director or Employee has any query about the application of this policy, he or she should consult the Chairman or the Managing Directors.
- (2) Any Director or Employee who is unsure of the nature of the information that they have in their possession and whether they can use that information for personal dealing purposes should contact the company secretary immediately.

13.13 Excluded Dealing

The following dealings in Securities of the Company are excluded from the operation of the policy:

- (1) Transfers of Securities already held into a superannuation fund or other saving scheme in which the Employee is a beneficiary;
- (2) An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (3) Where an Employee is a trustee, trading in the Securities by that trust provided the Employee 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 Employee;
- (4) undertakings to accept, or the acceptance of, a takeover offer;
- (5) 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 (DRP) and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. In case of a DRP, the Employee must only elect to participate in the DRP when they are not in possession of non-public price sensitive information and may not change that election until they are again not in possession of non-public price sensitive information;
- (6) 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.
- (7) 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 where the Employee could not reasonably have been able to exercise at a time when free to do so;
- (8) trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
 - (a) The Employee did not enter into the plan or amend the plan during a Prohibited Period; and
 - (b) The trading plan does not permit the Employee to exercise any influence or discretion over how, when, or whether to trade.