SOLIMAR ENERGY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

for the Three and Six Months Ended December 31, 2013

INTRODUCTION

This report is Management's Discussion and Analysis ("MD&A") of the operational and financial performance, and the future prospects of Solimar Energy Limited (ASX Code: SXS; and TSXV Code: SXS) ("Solimar" or the "Company"). The MD&A, which has been prepared as of December 31, 2013, should be read in conjunction with the Company's audited consolidated financial statements as at and for the financial year ended June 30, 2013 including notes to those statements. This MD&A is prepared as of 31 December 2013.

The audited consolidated financial statements have been prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards ("IFRS"). All financial amounts are in Australian dollars ($A), unless otherwise stated. References to "C$" indicate Canadian dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements that involve known and unknown risks, uncertainties and assumptions. The forward-looking statements are not historical facts, but rather are based on the current plans, objectives, goals, strategies, estimates, assumptions and projections about the Company's industry, business and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in the risk section of the MD&A.

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or Solimar's future plans or performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon by investors. These statements speak only as the date of this date of this MD&A. The forward-looking statements included in this MD&A and in certain documents referenced herein are expressly qualified by the cautionary statement. Solimar undertakes no obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.

HIGHLIGHTS (FOR THE THREE MONTHS ENDED DECEMBER 31, 2013)

- The Company was in discussions with a third party to fund the drilling of a third well which would complete the original Phase I of the program.
- The February Debentures (C$2.8m) matured and were repaid on 31 December 2013 along with the remaining interest through the issue of 24,529,905 shares.
- The Company consolidated its share capital issuing one new share for every 25 existing shares. Approved by shareholders the consolidation became effective on 19 December 2013.

COMPANY PROFILE

Solimar is headquartered in Melbourne, Victoria, Australia and has an operational office in Ventura, California, USA.

Following the acquisition of Solimar Energy Pty Ltd by Livingstone Petroleum Ltd and its subsequent change of name to Solimar, the Company's ordinary common shares ("Common Shares") commenced trading on the Australian Securities Exchange ("ASX"), under the code "SGY", on September 28, 2007. Solimar also commenced trading on the TSX Venture Exchange ("TSXV"), under the code "SXS", on November 14, 2011. On 27 December 2013 the Solimar's ASX code changed to "SXS".

COMPANY STRATEGY

Solimar's strategy is to focus on oil and gas exploration, commercial development and production in the onshore hydrocarbon regions of California with a focus on the San Joaquin Basin. Solimar currently holds approximately 13,361 net (working interest) acres in the San Joaquin Basin. The Company's portfolio of assets includes four (4) different projects, two of which Solimar currently operates and is the main interest holder.

Additional information about Solimar is located under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.solimarenergy.com.au.

OVERALL PERFORMANCE

This section provides an overview of Solimar's performance for the six (6) months ended December 31, 2013. The section is comprised of Operational Activities by each project and Corporate Activities, which includes financing.

Operational Activities (by Project)

Kreyenhagen Project: 86.5% -100% Working Interest and Operator (San Joaquin Basin)

The first well 2-33 of the Phase I program reached TD at 1,472 feet measured depth on July 20 and was subsequently logged and cased. The well was directionally drilled up to a 48 degree angle and encountered close to 600 feet gross measured depth interval of the Temblor sand formation.

The second well of the Phase I program 8-33 reached target depth at 1,590 feet measured depth on September 21. The well was directionally drilled up to a 48-degree angle, logged and cased. Preliminary analysis indicates that approximately 900 feet gross measured depth of the Temblor Sand formation was encountered.

Forward plans are to move in a completion rig in due course to perforate and production test both wells 2-33 and 8-33 to obtain fluid samples for use in detailed log analysis and reservoir modelling. The Company anticipated including the K2-33 well in the Phase II thermal (steam) pilot currently sometime in early to mid 2014.

On 23 December the Company announced it had signed a Letter of Intent ("LOI") with its JV Partner that while non-binding contemplated the following amendments to the original agreement in May 2013.

- A testing program in respect of the two wells drilled (2-33, 8-33) has been agreed by both parties and the cash call in respect of that program has been issued by Solimar to its JV Partner.
- The JV Partner will agree to pay cash calls for future approved AFE's in respect of any additional work required as a result of accelerating the testing program on wells 2-33 and 8-33.
- The JV Partner will not drill any further wells under Phase I of the work program.
- The JV Partner's 15% working interest in the Heavy Oil lease will be reduced proportionately for that amount under the original USD$2m commitment to Phase I that had been contemplated in the Farmout Agreement.
- The JV Partner will not earn any interest in the Shale leases.

- The JV Partner will not participate in the Phase II program and will forego any rights that it would have been entitled to, as contemplated in the Farmout Agreement, to increase its working interest in the project in Phase II.

On 3 February 2014 the Company announced it had entered into an amending agreement with its joint venture partner ("JV Partner") in the Kreyenhagen Heavy Oil Project.

Following the LOI announced on December 23, 2013, the amending agreement reduces the JV Partner's Farm-in commitment to $1.8 million with a proportional reduction in the earned Working Interest from 15% to 13.5 % and confirms that the JV Partner will not participate in a second farm-in phase to earn additional rights or working interest.

The JV Partner will participate in the ongoing testing and capital program within the Heavy Oil Project at the working interest of 13.5%. This program includes testing planned for the 2-33 well drilled under the joint venture and the drilling and coring of a vertical well, subject to a successful completion of the proposed financing. (Also see Corporate Activities below).

The Company has since the start of Phase I spent approximately US$1.7m to date which has been funded by the JV partner. From an accounting perspective while cash calls are made the Company has only recognised in its books the funds received from the JV partner for its share of the Phase I expenditures and netted those off against the capitalised work in progress accounts.

During the December quarter the Company also came to an agreement with its partner who it jointly held some of the leases associated with the trend acreage situated at the Kreyenhagen project and at Jacalitos. Both parties agreed to conclude their partnership in these leases and the jointly held leases were split between each party after negotiation.

Tejon Ranch: 10% Working Interest (San Joaquin Basin)

On August 12, 2013, Solimar announced the sale of 47.5% of its 57.5% working interest along with operatorship in the leases located in the Tejon Ranch area of the San Joaquin Valley to its partners for a consideration of US$250,000. Under the terms of the agreement Solimar has sold 28.75% of its 57.5% working interest in the leases to Avere Energy Corp. ("Avere") and 18.75% of its 57.5% working interest and operatorship in the leases to North American Oil and Gas ("NAMG"). The resultant working interest division in the leases is Solimar 10%, NAMG 40%, and Avere 50%.

Jacalitos Project: 100% Working Interest and Operator (San Joaquin Basin)

This project is contiguous with the Company's greater Kreyenhagen project and is being re evaluated as part of the regional Kreyenhagen shale oil play. The Company also came to an agreement with its partner who it held the lease with and increased its interest from 75% to 100% at the project. (Also see Kreyenhagen above).

Paloma Project: No further Interest (San Joaquin Basin)

The Company having reviewed its position at the Paloma project following its non-consent on cash calls relating to the three wells at Paloma made a decision to discontinue its involvement in the project and relinquished its remaining interests in the leases.

Corporate Activities

Financing

The Company closed a non-brokered private placement on September 27, 2013 for a total of C$500,000 raising C$423,520 through the issue of 28,234,666 shares and 28,234,666 unlisted warrants. Several Directors of the Company also participated in the placement subscribing for 5,098,667 units (each unit converting into one share and one warrant) for C$76,480. Their participation was approved by shareholders at the Company's Annual General Meeting on 29 November 2013.

On 31 January 2014 the Company announced that it was subject to TSXV approval, intending to complete a non-brokered private placement for aggregate gross proceeds of up to C$2,000,000 via the issuance of Units at a price of C$0.065 per Unit. Each Unit will be comprised of one common share and one half of one right. Each right will entitle the holder to acquire one warrant upon shareholder approval of the conversion of the rights to warrants. Assuming shareholder approval is obtained, each warrant will allow the holder to purchase one common share of the Company at a price of C$0.065 for a 24 month period following closing. The private placement was expected to close in tranches and the first tranche for C$250,000 was completed on 31 January.

On July 22, 2013 the Company advised that SCCP Solimar Holdings LP had issued a "Notice & Request" to Computershare Trust Company of Canada in its capacity as the Trustee under the Convertible Debenture Indenture dated June 26, 2012 providing for the issuance of convertible debentures by the Company ("June Debentures"). Under the notice of default they had requested the payment of their outstanding interest and principal. The Company made arrangements to rectify the event of default through the payment of interest owing of C$110,000 to the holders of the June Debentures.

On August 16, 2013, Solimar announced that it had reached an agreement with holders of June Debentures. After nearly one month of negotiations, the holders of June Debentures agreed to waive the event of default under the June Debenture and direct the trustee under the corresponding debenture indenture to cancel the declaration that the outstanding principal and interest owing thereunder was immediately payable on the condition that the debenture indenture be amended and restated to provide, among other things, as follows:

- the interest payable on the June Debentures increases to 20% per annum effective July 1, 2013 with 16% being payable on each interest payment date and the additional 4% being accrued and payable upon maturity;
- the maturity date of the June Debentures is brought forward to January 31, 2014. However, at the Company's option and upon the Company and its subsidiaries providing the holders of Debentures first priority security on all of the Company's and its subsidiaries' assets and payment of a C$250,000 extension fee, payable proportionately to the holders of the June Debentures at the time of the extension, the maturity date may be extended to July 31, 2014;
- the Company pays a loan modification fee of C$500,000, payable proportionately to the holders of the June Debentures upon maturity;
- the Company covenants to use all reasonable commercial efforts to pay, via the issuance of shares, any principal and interest owing on the February Debentures; and
- the Company and its subsidiaries covenant not to incur or become responsible for, directly or indirectly, any additional indebtedness that ranks in priority to the June Debentures.

The debenture indenture was amended and restated as of August 14, 2013 to reflect the foregoing conditions.

The Company announced on 31 January 2014 it had extended the June Debenture maturity date to 31 July 2014. As provided for under the amended indenture agreement the Company paid the debenture holders the C$250,000 extension fee and has given first priority security to them on the Company's and its subsidiaries assets.

The interest payment on the June Debentures for the September quarter was paid in cash and the payment for the December quarter was made through the issue of shares. Both the September and December quarter's interest payments for the February Debentures were made through the issue of shares.

Maturity of February 2012 Convertible Debentures

The Company elected on December 31, 2013 to satisfy its obligation to pay the principal and remaining interest to the holders of outstanding debentures issued February 10, 2012 by issuing 24,529,905 common shares of the Company ("Shares"). The number of shares was calculated dividing the amount of principal and interest due and payable by C$0.1170 (being 95% of the volume weighted average price of the Shares on the TSX Venture Exchange for the 21 consecutive trading days ended on December 23, 2013).

Share Consolidation

The Company undertook a share consolidation through the conversion of every 25 existing shares into 1 (one) new share. Shareholders approved the consolidation at the Company's AGM held on 29 November 2013.

The consolidation came into effect on 19 December 2013 and saw the Company's share capital reduced to 20,573,699 shares.

New ASX Ticker Code

The Company was issued with a new ASX ticker code "SXS" and began trading under that code on Friday 27 December 2013.

Director Resignation

Mr Ryan Dunfield resigned as a Director of the Company on July 22, 2013. The Company wished Mr Dunfield the best in his future endeavours.

DISCUSSION OF OPERATIONAL AND FINANCIAL RESULTS

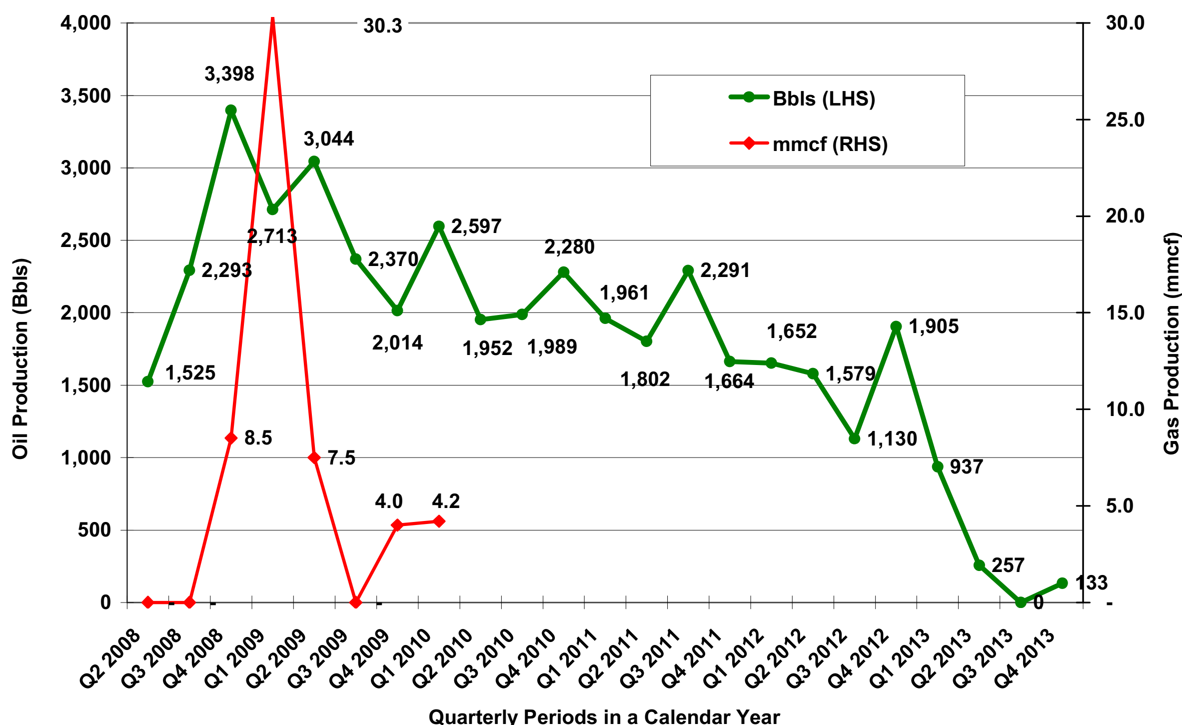
Production

Total oil production declined by 2,902 bbls (95.6%) from 3,035 bbls for the six (6) months ended December 31, 2012 to 133 bbls for the six (6) months ended December 31, 2013. A small amount of oil was produced from the 4-33 well during the December 2013 quarter being a combination of oil in the tank remaining from earlier production and a small outflow as a result of some testing. The 4-33 well at Kreyenhagen which produced some oil in the 2013 financial remains shut in. The Maricopa project which was also producing oil in the first half of the 2013 financial year was sold in January 2013.

The following table summarizes the Company's production for the quarterly periods indicated:

Production for the 3 months Ended	**Dec. Qtr**	**Sept. Qtr**	**Jun. Qtr**	**Mar. Qtr**	**Dec. Qtr**	**Sept. Qtr**	**Jun. Qtr**	**Mar. Qtr**	**Dec. Qtr**	**Sept. Qtr**	**Jun. Qtr**	**Mar. Qtr**	**Dec. Qtr**	**Sept. Qtr**
	2013	**2013**	**2013**	**2013**	**2012**	**2012**	**2012**	**2012**	**2011**	**2011**	**2011**	**2011**	**2010**	**2010**
Total Oil Prod'n from Maricopa Project (bbls)	-	-	-	820	1,810	1,130	1,579	1,652	1,664	2,291	1,802	1,961	2,280	1,989
Total Oil Prod'n from Kreyenhagen Project (bbls)	133	-	257	117	95	-	-	-	-	-	-	-	-	-

Figure 1: Total Oil (Maricopa and Kreyenhagen Projects) and Gas (SELH Project) Production
Production shown is total Production Sold



Net Sales or Total Revenue

Solimar's total revenue decreased by $84,757 (84.3%) from $100,574 in the quarter ended December 31, 2012 to $15,817 for the quarter ended December 31, 2013. Solimar's total revenue decreased by $110,049 (66.9%) from $164,489 in the six months ended December 31, 2012 to $54,440 for the six months ended December 31, 2013. The decrease in revenue is due to no ongoing oil production in the current period as compared to the six months to December 2012 where production was being generated at Maricopa. Partially offsetting this are the operator fees charged relating to the Phase I program which constitute most of the Sales Revenue for the current period.

Period	**Three Months Ended**		**Six Months (Interim) Ended**	
	Dec. 31, 2013	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Sales Revenue	15,811	98,820	54,413	160,043
Interest	6	1,754	27	4,446
Total Revenue	**15,817**	**100,574**	**54,440**	**164,489**

Net Income or Loss

Solimar reported a net loss for the six (6) months ended December 31, 2013 of $3,452,838 or (17.49) cents per share, which was an increase in net losses of $1,343,482 or 63.7% from the net loss for the six (6) months ended December 31, 2012 of $2,109,356 or (11.50) cents per share. The increase in net losses is attributable to the Company incurring a fee relating to the amendment of the June Debentures of $521,050 (C$500,000) along with recognising an expense of $705,256 relating to the revaluation of the June Debentures as a result of the August 2013 amendment and the maturity date being brought forward. The Company also recognised impairment charges of $237,459 in the period which related to capitalised seismic that was no longer considered of value and finance costs of $951,713 representing the interest expense under the effective interest method on the convertible

debentures. In almost all the other categories of expenses there were decreases in comparison to the six (6) months to December 2012. The most significant decreases were in Professional Fees and Personnel Expenses. The decrease in Professional fees was the result of reduced activity involving professional advisers and consultants in comparison with the six (6) months to December 2012 where among other things the Company was being assisted with finalising the C$4m convertible debenture. Personnel Expenses also saw a significant drop primarily as a result of a smaller executive team currently in place compared to the comparative period. There were also bonuses of approximately $129,000 recognised under Personnel Expenses and Professional Fees in the comparative period.

	Three Months Ended		**Six Months (Interim) Ended**	
	Dec. 31, 2013	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Net Loss (attributable to Equity Holders)(1)	1,058,032	643,975	3,452,838	2,109,356
Net Loss per Share – Non-Diluted (2) (cents per Share)	(5.15)	(3.50)	(17.49)	(11.50)
Net Loss per Share – Diluted(2) (3) (cents per Share)	**(5.15)**	**(3.50)**	**(17.49)**	**(11.50)**

Notes:

(1) The "Net Profit/(Loss)" figure complies with reporting under the Australian Accounting Standards and IFRS.

(2) Both the non-diluted and diluted loss per share has been adjusted in all periods for the effect of the share consolidation that occurred on 19 December 2013 and which reduced the number of shares on issue by a factor of 25.

(3) There was no dilutive effect on earnings per share on the 3 months and 6 months ended December 31, 2013. Given that the other periods disclosed above showed losses, any dilution applied to earnings per share for those periods would have an anti-dilutive effect.

Extraction Costs

Solimar's extraction costs decreased by $31,180 (73.0%) from $42,733 in the quarter ended December 31, 2012 to $11,553 for the quarter ended December 31 2013. Solimar's extraction costs decreased by $39,963 (51.1%) from $78,157 in the six (6) months ended December 31, 2012 to $38,194 for the six (6) months ended December 31 2013.The decrease for the six months was attributable to the sale of Maricopa in the 2013 financial year and whose extraction costs were reflected in the previous period. However, while the Company was no longer producing there were various costs still being incurred at Kreyenhagen including equipment rentals associated with the previously producing well that continued to be recognised under extraction costs.

	Three Months Ended		**Six Months (Interim) Ended**	
	Dec. 31, 2013	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Extraction Costs	11,553	42,733	38,194	78,157

General and Administration Costs

General and administrative costs (Professional fees, Personnel expenses, Other General and administrative expenses, Office Rent, Finance Costs and Unrealised FX Gains/losses) decreased by $52,876 (4.8%) from $1,106,217 in the quarter ended December 31, 2012 to $1,053,341 for the quarter ended December 31, 2013. General and administrative costs (Professional fees, Personnel expenses, Other General and administrative expenses, Office Rent, Finance Costs and Unrealised FX Gains/losses) decreased by $615,935 (23.8%) from $2,585,361 in the six (6) months ended December 31, 2012 to $1,969,426 for the six (6) months ended December 31, 2013. Included in Professional Fees is $281,194 relating to corporate secretarial, accounting and legal services supplied to the Company in the six (6) months ended December 31, 2013. Under this category in the six (6) months to 31 December 2013 Finance costs constituted approximately 48% of the total as compared to 27% in the six (6) months to 31 December 2012.

The decrease in general and administrative costs between the comparative six months is associated with the trend that began occurring early in the 2013 financial year and particularly in the December 2012 quarter that have seen a reduction in administrative activities along with certain cost savings

been made in specific areas and a smaller executive team. The result of this trend is most noticeable with the decrease in Professional fees and Personnel expenses between the comparative six month periods.

	Three Months Ended		Six Months (Interim) Ended	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
General and Administration costs	1,053,341	1,106,217	1,969,426	2,585,361

Gain on change in fair value of derivative

The Company saw a decrease in the gain on the change in the fair value of derivatives recognised in the financial statements during the six (6) months ended December 31, 2013. For the six (6) months ended December 31, 2013 there was a gain of $98,261 compared to the six (6) months ended December 31, 2012 which saw a gain of $626,419. For the quarter ended December 31, 2012 there was a gain of $554,762 compared to a gain of $29,265 for the quarter ended December 31, 2013 resulting in a negative impact between the comparative quarters of $525,497 and a negative impact of $528,158 on the income statement between the six (6) monthly periods. The derivatives in the balance sheet relate to recognition of a derivative component existing in the financings the Company undertook in the second half of calendar 2011 and those in February, April and July 2012 as well as the more recent raising in September 2013 and December 2013. The derivatives are re-valued at each report date and any gain or loss resulting from the revaluation is recognised in the profit and loss.

	Three Months Ended		Six Months (Interim) Ended	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Loss/(Gain) on change in fair value of derivative	(29,265)	(554,762)	(98,261)	(626,419)

Research and Development Expenditure

Research and development expenditure decreased by $101,123 (100%) from $101,123 in the quarter ended December 31, 2012 to nil for the quarter ended December 31, 2013. Research and development expenditure decreased by $114,395 (103%) from $111,104 in the six (6) months ended December 31, 2012 to ($3,291) for the six (6) months ended December 31, 2013. The decline in costs between the comparative periods was attributable to the Company not currently undertaking any G&G consultancy work and recognising a small credit in the September 2013 quarter to reflect an incorrect coding to G&G services in the June 2013 quarter.

	Three Months Ended		Six Months (Interim) Ended	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Research and Development expenditure	-	101,123	(3,291)	111,104

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure increased by $11,504 (3,687.2%) from $312 in the quarter ended December 31, 2012 to $11,816 for the quarter ended December 31, 2013. Exploration and evaluation expenditure increased by $50,002 (144%) from $34,731 in the six (6) months ended December 31, 2012 to $84,733 for the six (6) months ended December 31, 2013. The increase in costs for the six (6) months ended December 31, 2013 was attributable to the comparative period reflecting the unwinding of the Company's restoration provision associated with the Guijarral Hills property written off in June 2012 that saw a $44,561 credit put through the profit and loss. In the other categories within this expenditure classification there were similar levels of costs between the periods.

	Three Months Ended		Six Months (Interim) Ended	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Exploration and Evaluation expenditure	11,816	312	84,733	34,731

Total Assets

Solimar's Total Assets were $5,651,704 as at December 31, 2013 which was a decrease of $425,887 (or 7%) compared to the Company's Total Assets of $6,077,591 as at June 30, 2013. The Company has seen small write downs in its capitalised exploration related to seismic, the sale of the majority of its interest at Tejon Ranch and while there was activity at Kreyenhagen under the Phase I program this was all carried by the joint venture partner resulting in no addition to the Company's balance sheet.

	Consolidated, as at	
	Dec 31, 2013	**June 30, 2013**
Current Assets	130,920	332,375
Non-Current Assets	5,520,784	5,745,216
Total Assets	**5,651,704**	**6,077,591**

Cash Flows

Solimar reported a decrease in cash and cash equivalents of $241,286 in the quarter ended December 31, 2013 compared to a decrease in cash and cash equivalents for the quarter ended December 31, 2012 of $1,226,386. Solimar reported a decrease in cash and cash equivalents of $71,287 for the six (6) months ended December 31, 2013 compared with an increase in cash and cash equivalents for the six (6) months ended December 3, 2012 of $274,286. In the six (6) months comparison the Company has seen a reduction in expenditures associated with exploration along with payments to suppliers and employees. The comparative period reflected the Company's costs associated with Kreyenhagen along with various expenditures associated with administrative activities including the capital raising associated with the June convertible debenture. In the current period the Company has been active with a work program at Kreyenhagen but has been carried by its joint venture partner. The reduced level of payments to suppliers and employees in the six (6) months to December 31, 2013 as compared to the comparative period reflects a decrease in activity in that area. Operating Activity cash flows for the six (6) months to December 31, 2013 includes two quarterly interest payments totalling $282,607 to the holders of the convertible debentures.

	Three Months Ended		Six Months (Interim) Ended	
	Dec. 31, 2013	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Net Cash Flows Used in Operating Activities	(457,823)	(1,059,258)	(789,368)	(2,678,512)
Net Cash Flows Used in Investing Activities	(220,089)	(162,505)	205,660	(841,158)
Net Cash Flows Used from Financing Activities	436,626	(4,623)	512,421	3,793,956
Net Increase/(Decrease) in Cash and Cash Equivalents	**(241,286)**	**(1,226,386)**	**(71,287)**	**274,286**

Short-Term and Long-Term Financial Liabilities

As at December 31, 2013, Solimar had short term interest bearing debt.

On 13 February, 2012, Solimar announced it had raised C$2.8 million, before costs, by the issuance of Convertible Unsecured Debentures ("February Debentures") that were convertible at C$0.10 per Common Share at any time prior to maturity on 31 December 2013 and had a two (2) year term and warrants entitling the holder to acquire Common Shares of the Corporation for C$0.15 per Common Share for a two (2) year term. The February Debentures were subject to a coupon interest rate of 10% per annum, payable quarterly in arrears, at the election of Solimar in cash or through the issuance of shares in the Company. On maturity at the election of the Company the February Debentures could be converted into Common Shares (shares) at 95% of the volume weighted average trading price of the shares on the TSX Venture Exchange (TSXV) for the 21 consecutive trading days ending 5 trading days preceding maturity.

The Company undertook a share consolidation (a conversion of every 25 Shares into 1 Share) which

was approved by shareholders at the AGM held on 29 November 2013 and re-deemed the February Debentures on 31 December 2013 through the issue of 24,529,905 shares (see Corporate Activities).

On 1 August 2012 the Company announced it had received shareholder approval to issue 80 Convertible Unsecured Debentures ("June Debentures") at an issue price of C$50,000 each, raising gross proceeds of C$4 million.

At that time the June Debentures had a coupon interest rate of 11% per annum payable quarterly in arrears at the election of the Company. The June Debentures were convertible at C$0.10 per Common Share at any time prior to maturity and originally matured on December 31, 2014 subject to providing a NI51-101 (Standards of Disclosure for Oil and Gas Activities) compliant report disclosing an agreed upon level of contingent resources or probable reserves. On maturity at the election of the holder the June Debentures could be converted into Common Shares (shares) at 95% of the volume weighted average trading price of the shares on the TSXV for the 20 consecutive trading days ending 5 trading days preceding maturity. Under TSXV rules a Company is unable to issue shares below CAD$0.05 and therefore were the share price as calculated for conversion at maturity to be below that price then even if the holder elected to satisfy the convertible debenture by requesting the issue of shares the Company would not be able to and the convertible debenture would need to be repaid in cash.

During the September 2013 quarter the Company received a notice of default from one of the debenture holders in respect of the June quarter interest. The Company paid the interest and entered into negotiations with the holders over the alleged default. The holders of June Debentures agreed to waive the event of default under the June Debenture and direct the trustee under the corresponding debenture indenture to cancel the declaration that the outstanding principal and interest owing thereunder was immediately payable on the condition that the debenture indenture be amended and restated to provide, among other things, as follows:

- the interest payable on the June Debentures increased to 20% per annum effective July 1, 2013 with 16% being payable on each interest payment date and the additional 4% being accrued and payable upon maturity;
- the maturity date of the June Debentures is brought forward to January 31, 2014. However, at the Company's option and upon the Company and its subsidiaries providing the holders of Debentures first priority security on all of the Company's and its subsidiaries' assets and payment of a C$250,000 extension fee, payable proportionately to the holders of the June Debentures at the time of the extension, the maturity date may be extended to July 31, 2014;
- the Company pays a loan modification fee of C$500,000, payable proportionately to the holders of the June Debentures upon maturity;
- the Company covenants to use all reasonable commercial efforts to pay, via the issuance of shares, any principal and interest owing on the February Debentures; and
- the Company and its subsidiaries covenant not to incur or become responsible for, directly or indirectly, any additional indebtedness that ranks in priority to the June Debentures. The debenture indenture was amended and restated as of August 14, 2013 to reflect the foregoing conditions.

The June Debentures were amended on 14 August 2013 to reflect those conditions.

The Company announced on 31 January 2014 it had extended the June Debenture maturity date to 31 July 2014. As provided for under the amended indenture agreement the Company paid the debenture holders the C$250,000 extension fee and has given first priority security to them on the Company's and its subsidiaries assets.

Also attached to each June Debenture were 10,000 share purchase warrants entitling the holder to acquire one common share of the Company (a "Common Share") at a price of C$3.00 up to July 31, 2015.

Solimar has also recognised at 31 December 2013 derivative liabilities of $316 representing the value of the warrants issued in November 2011, February 2012, April 2012, July 2012, September 2013 and December 2013 (those warrants being on the same terms as those issued in September) and the

convertible component of the Debentures issued in July 2012. Solimar has also recognised borrowings of $4,279,808 which represents the non-derivative value ascribed to the Debentures issued in July 2012. The June Debentures can subject to the share price being greater than C$0.05 and at the holder's option be satisfied through the issue of shares denominated in a foreign currency (CAD) and the warrants attached to the Debentures and the previous financings are exercisable in a foreign currency (CAD) and therefore the Company has a foreign exchange risk. For this reason the Debentures and warrants are required to be re-valued at each report date.

The June Debentures were re-valued in the September 2013 quarter to reflect the amendments agreed in August 2013 including the earlier maturity date of 31 January 2014. The re-valuation resulted in an increase in the liability and a corresponding charge of $705,256 was recognised in the income statement in the September 2013 quarter. The additional 4% of interest which is payable upon maturity is being recorded as an expense as it is incurred and at that time also being capitalised to the liability.

At 31 December 2013 the valuation of the June Debentures in the financials reflects the maturity date of 31 January 2014 and accordingly does not reflect the subsequent extension of the maturity date to 31 July 2014 that occurred on 31 January 2014.

SUMMARY OF QUARTERLY AND HALF YEAR RESULTS

Prior to the December 2011 quarter Solimar was not obliged to provide quarterly financial reports as the ASX Listing Rules and the Australian Corporations Act do not require quarterly financial reporting. The Company has however been required to provide half year and annual financial results. The table below is a summary of quarterly comparisons based on the three (3) months ended December 31, 2013, September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012, June 30, 2012 and March 31, 2012.

	Quarter Ended Dec 31,2013 (A$)	Quarter Ended Sept 30,2013 (A$)	Quarter Ended Jun 30,2013 (A$)	Quarter Ended Mar 31,2013 (A$)	Quarter Ended Dec 31,2012 (A$)	Quarter Ended Sept 30,2012 (A$)	Quarter Ended Jun 30,2012 (A$)	Quarter Ended Mar 31,2012 (A$)
Total Revenue (Oil & Gas) (A$)	15,811	38,602	25,170	55,198	98,820	61,223	83,897	111,333
Operating (Extraction) Costs (A$) .	11,553	26,641	64,689	3,065	42,733	35,424	36,306	34,520
General and Administration Costs (A$)..	1,053,341	916,085	1,478,130	787,327	1,106,217	1,479,144	1,203,924	1,781,475
Net (Loss)/Gain (attributable to Equity Holders) (A$)......................	(1,058,032)	(2,394,806)	(4,340,800)	32,367	(643,975)	(1,465,381)	(409,939)	(2,554,689)
(Loss)/Gain per Share – Non Diluted (cents/share) (A$)	(5.15)	(12.63)	(23.25)	0.25	(3.50)	(8.00)	(2.25)	(14.25)
(Loss)/Gain per Share – Diluted (cents/share) (A$)	(5.15)	(12.63)	(23.25)	0.25	(3.50)	(8.00)	(2.25)	(14.25)
Closing Cash & Cash Equivalents (A$)...	60,124	310,963	152,040	401,950	553,958	1,797,518	303,077	514,473
Total Assets (A$)	5,651,704	5,964,415	6,077,591	9,306,542	9,820,713	10,758,443	9,182,463	9,378,260
Total Liabilities (A$).....................	6,571,226	9,529,349	7,719,462	7,817,878	8,401,400	9,123,007	5,934,338	6,992,037
Net Assets (Shareholder Equity) (A$)	(919,522)	(3,564,934)	(1,641,871)	1,488,664	1,419,313	1,635,436	3,248,125	2,386,223
Net Increase/(Decrease) in Cash from Cashflows (A$)....................	(241,286)	169,999	(280,814)	(194,054)	(1,226,386)	1,500,672	(222,482)	(561,905)
Oil Production (bbls)	133	-	257	937	1,905	1,130	1,579	1,652

The following table sets out the financial results for the Company's nine (9) most recently completed half-year periods. This information is based on Solimar's audited Financial Accounts for the 12 months ended June 30, 2013, June 30, 2012, June 30, 2011 and June 30, 2010, and the unaudited Financial Accounts for the six (6) months ended: December 31, 2012; December 31, 2011; December 31, 2010; and December 31, 2009. These accounts were prepared in accordance with Australian

Accounting Standards, which are compliant with IFRS.

	Dec 31 2013 (A$)	Jun 30 2013 (A$)	Dec 31 2012 (A$)	Jun 30 2012 (A$)	Dec 31 2011 (A$)	Jun 30 2011 (A$)	Dec 31 2010 (A$)	Jun 30 2010 (A$)	Dec 31 2009 (A$)
Total Revenue (Oil & Gas) (A$)	54,413	80,368	160,043	195,230	208,224	324,636	183,207	223,069	198,313
Operating (Extraction) Costs (A$)	38,194	67,754	78,157	70,826	101,932	74,420	65,464	81,913	74,829
General and Administration Costs (A$)	1,969,426	2,265,457	2,585,361	2,985,399	4,401,669	1,809,873	1,072,401	850,468	702,489
Net Loss (attributable to Equity Holders)[1] (A$)	(3,452,838)	(4,308,433)	(2,109,356)	(2,964,628)	(5,582,130)	(2,960,116)	(1,786,685)	(3,845,003)	(946,789)
Loss per Share – Non Diluted (cents/share) (A$) [2]	(17.49)	(23.0)	(11.50)	(14.25)	(37.50)	(23.25)	(17.50)	(44.0)	(11.5)
Loss per Share – Diluted[2] [3] (cents/share) (A$)	(17.49)	(23.0)	(11.50)	(14.25)	(37.50)	(23.25)	(17.50)	(44.0)	(11.5)
Closing Cash and Cash Equivalents (A$)	60,124	152,040	553,958	303,077	1,112,115	1,379,743	1,776,607	1,046,989	1,571,578
Total Assets (A$)	5,651,704	6,077,591	9,820,713	9,182,463	9,949,449	6,927,119	5,868,964	5,185,798	5,302,135
Total Liabilities (A$)	6,571,226	7,719,462	8,401,400	5,934,338	5,060,380	3,113,014	1,088,828	1,080,259	359,255
Net Assets (Shareholder Equity) (A$)	(919,522)	(1,641,871)	1,419,313	3,248,125	4,889,069	3,814,105	4,780,136	4,105,539	4,942,880
Net Increase/(Decrease) in Cash from Cashflows (A$)	(71,287)	(474,868)	274,286	(784,387)	(303,636)	(310,436)	815,090	(527,895)	864,665
Oil Production (bbls)	133	3,035	3,231	3,955	3,763	4,269	4,549	4,384	5,757
Gas Production (mcf)	0	0	0	0	0	0	4,202	4,007	37,822

Notes:
(1) The "Net Loss" figure complies with reporting under the Australian Accounting Standards and IFRS
(2) Both the non-diluted and diluted loss per share has been adjusted in all periods for the effect of the share consolidation that occurred on 19 December 2013 and which reduced the number of shares on issue by a factor of 25.
(3) Given that a loss was incurred in the last nine (9) financial half years, any dilution applied to earnings per share would have an anti-dilutive effect.

COMPANY OUTLOOK

The Company is aware that with the recent amendments made to the debentures date June 26, 2012 there will be a requirement to manage the maturing of those debentures which are due to mature at the end of July 2014. To this end the Company is reviewing strategies to re-finance the Company in order to provide a sound footing and allow it to continue with its exploration and development programs. Please see also the note on Going Concern under the Basis of Preparation section.

PROPOSED TRANSACTIONS

There are no proposed transactions at this date.

CAPITAL EXPENDITURE

Research and Development expenditure for the six (6) months ended December 31, 2013 was ($3,291) (2012: $111,104). Exploration and Evaluation expenditure for the six (6) months ended December 31, 2013 was $84,733 (2012: $34,731). Capitalized exploration and evaluation expenditure as at December 30, 2013 was $4,749,521 (June 30, 2013: $5,069,477).

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2013 Solimar had $60,124 in cash and cash equivalents a decrease of $91,916 (60.5%) from the cash and cash equivalents of $152,040 as at June 30, 2013. Included in the cash and cash equivalents balance was $1,144 representing joint venture funds held and to be allocated to the Phase I program.

Solimar's consolidated working capital deficit (current assets less current liabilities) as at December 31, 2013 is $5,990,479. This compares to a working capital deficit of $3,537,166 at June 30, 2013.

On 31 January 2014 the Company announced that it was subject to TSXV approval, intending to complete a non-brokered private placement for aggregate gross proceeds of up to C$2,000,000 via the issuance of Units at a price of C$0.065 per Unit. Each Unit will be comprised of one common share and one half of one right. Each right will entitle the holder to acquire one warrant upon shareholder approval of the conversion of the rights to warrants. Assuming shareholder approval is obtained, each warrant will allow the holder to purchase one common share of the Company at a price of C$0.065 for a 24 month period following closing. The private placement was expected to close in tranches and the first tranche for C$250,000 was completed on 31 January.

On 27 September 2013 the Company announced it had closed a non brokered private placement for a total of C$500,000 raising C$423,520 through the issue of 28,234,666 shares and 28,234,666 unlisted warrants. Several Directors of the Company also participated in the placement subscribing for 5,098,667 units (each unit converting into one share and one warrant) for a total of C$76,480. Their participation was approved by shareholders at the Company's Annual General Meeting on 29 November 2013.

Solimar signed a farmout agreement in May 2013 with a TSXV listed company whereby they will fund the first phase of a work program at Kreyenhagen up to a cap of US$2 million. The work program began in the June 2013 quarter and drilling commenced in July 2013. The Company has since the start of Phase I spent approximately US$1.7m to date which has been funded by the JV partner. The Company also in August 2013 sold down 47.5% of its 57.5% working interest in leases located at the Tejon Ranch area of the San Joaquin Valley for a consideration of US$250,000.

Solimar's cash is held in reputable Banks in Australia (National Australia Bank) and California (Bank of America). The cash balances can be drawn at any time without restrictions.

Solimar defines liquidity risk as the risk that the Company and its subsidiaries will not be able to meet their financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Solimar's reputation. (see also the comments in "Going Concern" under the Basis of Preparation section)

A budget is maintained that allows the Company to monitor its cash flow requirements on the projects being undertaken or which it is planning to undertake. The budget provides the Company with information on its potential upcoming capital requirements and gives the board and management the opportunity in advance to identify and implement strategies to access the necessary capital taking into consideration the capital market conditions and the demands from the projects.

The following table is a summary of Solimar's major commitments and contractual obligations.

	Payments Due by Period				
Contractual Obligations[(1)]	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Debt[(2) (3) (4))(5)]	A$5,036,399	A$5,036,399	-	-	-
Finance Lease Obligations	-	-	-	-	-
Operating Leases[(6)]	A$134,572	A$81,137	A$53,435	-	-
Purchase Obligations[(7)]	A$257,320	A$257,320	-	-	-
Other Obligations[(8)]	A$81,582	A$81,582	-	-	-
Total Contractual Obligations	**A$5,509,873**	**A$5,456,438**	**A$53,435**	**-**	**-**

Notes:

(1) The figures disclosed relate to contractual obligations at December 30, 2013 which were not recognised as liabilities in the financial statements. Where relevant obligations have been translated into AUD at the closing rate at the end of the quarter.

(2) The Company repaid through the issue of shares on 31 December 2013 the C$2.8 million of convertible

debentures issued in February 2012 and which matured on 31 December 2013. These convertible debentures are no longer reflected in the above table.

(3) On June 27, 2012, Solimar announced closed the Offering raising C$4 million ("June Debentures"). Interest on the June Debentures since 1 July 2013 (as a result of the amendment in August 2013) is 20% per annum payable quarterly in arrears (16% payable each quarter and 4% accrued and payable at maturity). Interest due each quarter can be made in cash or, subject to the share price being above C$0.05, shares at the Company's option. On maturity the June Debentures can be paid out in shares or cash at the holder's option.

(4) The contractual obligations for Debt reflect the position at 31 December 2013 (net of interest due for that quarter) and incorporate the amendment made to the June Debentures that was signed in August 2013 (see the section "Corporate Activities" in this document). Also note that these amounts do not include the loan modification fee (C$500,000) which is recognised in the Statement of Financial Position under Trade and other payables and is payable on the maturity date of the June Debentures.

(5) The Debt figure in the above table incorporates payment of an extension fee (C$250,000) which was one of the conditions to extend the June Debentures maturity date by a further six months to 31 July 2014. The figure also reflects the additional time to maturity. As announced on 31 January 2014 the Company extended the maturity date to 31 July 2014. Under the amendment made in August 2013 the Company had the option to extend by a further six months if by 31 January 2014 it had paid an extension fee of C$250,000 and provided the holders of the June Debentures security over the Group's assets (see the section "Corporate Activities" in this document).

(6) "Operating Leases" relate to the Company's office leases in Australia and the United States (Ventura, California) and its project leases. The figures shown reflect the payments due under the various lease agreements in order to maintain the projects. Note that no allowance has been made for any rollover of the Kreyenhagen Ranch leases which are prepaid for 5 years.

(7) "Purchase Obligations" relate to costs associated with Kreyenhagen.

(8) "Other Obligations" relates to payments that are payable on termination of consultancy agreements.

SOURCES OF FINANCING

The Company announced on 31 January 2014 that it was subject to TSXV approval, intending to complete a non-brokered private placement for aggregate gross proceeds of up to C$2,000,000 via the issuance of Units at a price of C$0.065 per Unit. Each Unit will be comprised of one common share and one half of one right. Each right will entitle the holder to acquire one warrant upon shareholder approval of the conversion of the rights to warrants. Assuming shareholder approval is obtained, each warrant will allow the holder to purchase one common share of the Company at a price of C$0.065 for a 24 month period following closing. The private placement was expected to close in tranches and the first tranche for C$250,000 was completed on 31 January.

The Company closed a non-brokered private placement on 27 September, 2013 for a total of C$500,000 raising C$423,520 through the issue of 28,234,666 shares and 28,234,666 unlisted warrants. Several Directors of the Company participated in the placement subscribing for 5,098,667 units (each unit converting into one share and one warrant) for C$76,480. Their participation was approved by shareholders at the Company's Annual General Meeting on 29 November 2013.

The Company also announced in August 2013 the sale of 47.5% of its 57.5% working interest along with operatorship in the leases located in the Tejon Ranch area of the San Joaquin Valley to its partners for a consideration of US$250,000.

OUTSTANDING SECURITIES DATA

As at 31 December 2013, Solimar had:

- Issued and outstanding Common Shares totalling 47,872,443;
- Unlisted options to purchase an aggregate of 2,044,000 Common Shares;
- Unlisted warrants convertible into 4,591,097 Common Shares; and
- An aggregate of C$4,000,000 debentures convertible into 1,600,000 Common Shares.

The following table illustrates the movement of Common Shares for the six (6) months ended December 31, 2013 compared to the twelve (12) months ended June 30, 2013.

2013 Financial Year (12 months)	Ordinary shares	Number of shares	Issue price	AUD
1 July 2012	Opening balance	460,798,137		35,091,823
4 July 2012	Shares in lieu of quarterly interest	1,343,961	$ 0.0496	66,594
2 October 2012	Shares in lieu of quarterly interest	2,946,936	$ 0.0492	144,988
21 December 2012	Shares in lieu of Director Fees	650,000	$ 0.0500	32,500
9 April 2013	Shares in lieu of quarterly interest	1,380,831	$ 0.0472	65,139
19 April 2013	Shares in lieu of quarterly interest	2,219,169	$ 0.0472	104,688
	Cost of Placement			(9,608)
30 June 2013	**Closing balance**	469,339,034		35,496,124

2014 Financial Year (6 months)	Ordinary shares	Number of shares	Issue price	AUD
1 July 2013	Opening balance	469,339,034		35,496,124
18 July 2013	Shares in lieu of quarterly interest	4,666,659	$ 0.0155	72,172
27 September 2013	Placement	28,234,666	$ 0.0150	424,286
4 October 2013	Shares in lieu of quarterly interest	7,000,000	$ 0.0104	72,947
5 December 2013	Placement (Directors Subscription)	5,098,667	$ 0.0153	77,766
19 December 2013	Share Consolidation (25:1)	(493,765,327)	$ -	-
23 December 2013	Shares in lieu of Director Fees	1,345,349	$ 0.1325	178,259
31 December 2013	Shares in lieu of quarterly interest (Feb Deb's)	598,290	$ 0.1228	73,499
31 December 2013	Shares in lieu of quarterly interest (June Deb's)	1,423,490	$ 0.1180	167,997
31 December 2013	Redemption of February Debentures	23,931,615	$ 0.1228	2,939,940
	Cost of Placement			(9,706)
31 December 2013	**Closing balance**	47,872,443		39,493,284

The following table provides details of Solimar's unlisted options and warrants as at December 31, 2013.

Quantity	*Exercise Price*	*Expiry Date*	*Type*
120,000	AUD$1.97	28 February 2015	Option
756,000	AUD$4.50	1 July 2014	Option
128,000	AUD$3.1875	1 July 2014	Option
360,000	CAD$3.60	5 October 2014	Option
200,000	AUD$3.1875	4 July 2016	Option
480,000	CAD$2.50	30 November 2015	Option
1,653,317	CAD$3.60	5 October 2014	Warrant
560,000	CAD$3.75	10 February 2014	Warrant
244,445	CAD$3.75	4 April 2015	Warrant
800,000	CAD$3.00	31 July 2015	Warrant
1,333,335	CAD$1.25 / $2.50	27 September 2015	Warrant

Note: the options/warrants convert on a 1:1 basis

At the time of the release of this report 560,000 warrants had expired (Expiry date 10 February 2014).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

During the six (6) months ended December 31, 2013, the Company incurred accounting, consulting and corporate secretarial services and office costs of A$100,111 (2012: A$214,786) to MDB, an

accounting practice in which the Chairman of Solimar, Frank Petruzzelli, is a principal.

Arrangements with related parties remain in place. For details on these arrangements refer to the 30 June 2013 annual financial report.

BASIS OF PREPARATION

Going Concern

At 31 December 2013 the Company had a working capital deficit of $5,990,479 a deficiency in net assets of $919,522 and incurred a loss of $3,452,838 for the six (6) months to 31 December 2013. The Company has insufficient cash resources and liquidity at 31 December, 2013 and 14 February, 2014 and is reliant on the support of significant shareholders, directors and creditors to allow it to continue operations. There is considerable risk that the Company's existing creditors will cease to provide their ongoing support.

The current market conditions have resulted in a significant reduction in the Company's ability to access capital. The Company secured C$500,000 through a private placement that closed on 27 September 2013. The Company also sold down an interest in one of its exploration projects in August 2013 securing US$250,000. On 31 January 2014 the Company announced that it was subject to TSXV approval, intending to complete a non-brokered private placement for aggregate gross proceeds of up to C$2,000,000 via the issuance of Units at a price of C$0.065 per Unit (comprised of one common share and one half of one right). The private placement is expected to close in tranches and the first tranche for C$250,000 was completed on 31 January 2014.

The Company has a convertible debenture liability that matures at 31 July 2014 and at the choice of the debenture holder can be either repaid in shares or in cash. Therefore the Company at that maturity date may be in the position that it will be required to redeem the debentures of C$4,000,000 and any unpaid interest thereon in cash and are likely to have insufficient funds to do so. Under amendments to the convertible debentures the Company will also be required at the maturity date to pay to the debenture holders C$500,000 being a loan modification fee.

The Company's Joint Venture partner has advised that they will not be proceeding to Phase II of the work program. The Company's immediate focus will be on completing Phase I of the Kreyenhagen work program where it still has the support of its Joint Ventture partner, and continuing to discuss its future with various parties that may result in additional capital being raised sufficient to allow it to finance operations.

If support from existing creditors is discontinued or debenture holders do not agree to repayment in shares or are unable to accept shares under TSXV Exchange price rules or the Company is unsuccessful in further private placements, there is a material uncertainty that casts a significant doubt about the Company's ability to operate as a going concern. The Company's ability to continue as a going concern is dependent upon obtaining necessary funds to meet its current obligations, fund ongoing contractual obligations under its various farm-in and lease agreements and ultimately achieve profitable operations. While the Company is expending its best efforts, the raising of the necessary funds is not assured.

The financial report has been prepared on a going concern basis, which presumes the realisation of assets and discharge of liabilities in the normal course of business for the foreseeable future. The financial report does not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

CRITICAL ACCOUNTING ESTIMATES

Significant accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalised exploration and development costs

Exploration costs are only capitalised when it can be demonstrated that the Company has rights to an area of interest and the expenditures are either expected to be recouped with future development of the project or a determination cannot yet be made until further work is undertaken.

Development costs are only capitalised when it can be demonstrated that the technical feasibility of recovering the hydrocarbons is valid and that the asset will be available for use or sale.

As at December 31, 2013, the Company had capitalized exploration, evaluation and development expenditure of A$4,749,521 a decrease of A$319,956 (6.3%) on the balance sheet at the close of the previous financial year (June 30, 2013) (A$5,069,477). The balance of capitalized exploration and development expenditure represented the fair value of the various projects that Solimar holds an interest in. The decrease in the balance was predominately the result of the writedown of capitalized seismic relating to the Southeast Lost Hills Project and the sale of the majority of the Company's interests at Tejon.

Impairment of capitalised exploration and development costs

The future recoverability of capitalised exploration and development costs is dependent on a number of factors. These include the likelihood that the Company will pursue exploration at a particular project, the estimated level of resources, future technological changes which could impact on the cost of exploration and development, commodity price changes and legal and environmental changes.

To the extent that capitalised exploration and development costs are determined not to be recoverable in the future, net assets will be reduced in the period in which this determination is made, and written- off to profit or loss.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities can often be determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and development costs

Exploration and development costs are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- estimates of the quantities of reserves for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices; and
- future costs of production and capital expenditure.

The total impairment charge incurred an all capitalized assets for the six (6) months ended December 31, 2013 was A$237,459 compared to A$7,855 for the six (6) months ended December 31, 2012. The impairment charge in the current period related to the writedown of seismic costs associated with Southeast Lost Hills.

Fair value of share options and embedded derivatives

The Company uses valuation techniques to estimate the value of share options, share warrants and convertible notes issued.

In determining the value of share warrants associated with the raising of capital and convertible notes the Company has relied on independent valuations which use a binomial option pricing model ("model"). There are numerous inputs in the model some of which rely on estimates of future behaviour. Inputs in this category would include:

- Volatility of the Company's share price
- Volatility of the AUD / CAD exchange rate
- The correlation between the AUD / CAD exchange rate and the Company's share price
- The expected life of the instrument

The Company has applied the Black - Scholes option pricing model to the valuation of share options issued to directors, consultants and personnel. The assumptions used in arriving at a value include whether there is a possibility of early exercise and applying a discount to reflect the non-tradability of the share option.

Management and directors believe that the chosen valuation methods, assumptions and estimates are appropriate in determining the fair value of the financial instruments.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

The following standards, amendments to standards and interpretations issued but not yet effective have been identified as those which may impact the Company in the period of initial application:

- AASB 9 Financial Instruments (equivalent to IFRS 9 Financial Instruments) introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement (equivalent to IAS 9 Financial Instruments: Recognition and Measurement) The main changes are:

  (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

  (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

  (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

  (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
  - The remaining change is presented in profit or loss.

  If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

  Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

  - Classification and measurement of financial liabilities; and
  - Derecognition requirements for financial assets and liabilities.

  The Company has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2015 and that the IASB is yet to finalise the remaining phases of

its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).

- AASB 10 Consolidated Financial Statements (equivalent to IFRS 10 Consolidated Financial Statements) establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (equivalent IAS 27 Consolidated and Separate Financial Statements) and AASB Interpretation 112 Consolidation – Special Purpose Entities.

  The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This may to lead to more entities being consolidated into the group.

  When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the Company's financial statements.

- AASB 11 Joint Arrangements (equivalent to IFRS 11 Joint Arrangements) replaces AASB 131 Interests in Joint Ventures (equivalent to IAS 31 Interests in Joint Ventures) and AASB Interpretation 113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.

  In addition, AASB 11 removes the option to account for jointly-controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method.

  When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements.

- AASB 12 Disclosure of Interests in Other Entities (equivalent to IFRS 12 Disclosure of Interests in Other Entities) includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

  As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

- AASB 13 Fair Value Measurement (equivalent to IFRS 13 Fair Value Measurement) establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

  AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

  The Company is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013.

- AASB 1053 Application of Tiers of Australian Accounting Standards establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

a) Tier 1: Australian Accounting Standards; and
b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements:

a) for-profit entities in the private sector that have public accountability; and
b) the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

a) for-profit private sector entities that do not have public accountability;
b) all not-for-profit private sector entities; and
c) public sector entities other than the Australian Government and State, Territory and Local Governments.

The Company is a Tier 1 entity and therefore not eligible to apply the Reduced Disclosure Requirements.

- AASB 2011-4 (no IFRS equivalent) amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

  In March 2013, the Australian government released Corporations Legislation Amendment Regulation 2013 which proposed to insert these disclosures into Corporations Regulations 2001 to ensure the disclosure requirements continue to be operative for financial years commencing on or after 1 July 2013. When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Company.

- AASB 2012-2 (no IFRS equivalent) amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

  This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard. When AASB 2012-2 is first adopted for the year ended 30 June 2014, additional disclosures will be required with respect to the Company's netting arrangements.

- AASB 2012-3 (no IFRS equivalent) adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Company as this standard merely clarifies existing requirements in AASB 132.

- AASB 2012-6 (no IFRS equivalent) amends the mandatory effective date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. It also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition from AASB 139 to AASB 9 in some circumstances.

  The Company will be able to provide transition disclosures, instead of restating comparatives, upon initial application of AASB 9.

- AASB 2012-9 (no IFRS equivalent) amends AASB 1048 Interpretation of Standards as a consequence of the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.

When AASB 2012-9 is first adopted for the year ended 30 June 2014, there will be no impact on the Company as this standard will not affect current practice.

- AASB 2012-10 (no IFRS equivalent) clarifies the transition guidance in AASB 10 Consolidated Financial Statements. It also provides additional transition relief in AASB 10, AASB 11 Joint Arrangements and AASB 12 Disclosure of Interests in Other Entities by limiting the requirement to provide adjusted comparative information only to the immediately preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, AASB 2012-10 removes the requirement to present comparative information for any periods beginning before the first annual reporting period for which AASB 12 is applied.

  When these amendments are first adopted for the year ended 30 June 2014, they are unlikely to have any significant impact on the Company given that they are largely clarification of existing transitional provisions.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair values

The Company's financial instruments consist of cash and cash equivalents, loans and receivables, trade and other payables, provisions, borrowings and derivative liabilities. The fair values of these financial instruments approximate their carrying value due to their short-term nature. The fair values of financial assets and liabilities, together with the carrying amounts which are shown in the Balance Sheets as at December 31, 2013 and June 30, 2013 are summarized in the table below:

Consolidated	**As at Dec 31, 2013 Carrying Amounts A$**	**As at Dec 31, 2013 Fair Value A$**	**As at June 30, 2013 Carrying Amounts A$**	**As at June 30, 2013 Fair Value A$**
Cash and Cash Equivalents	60,124	60,124	152,040	152,040
Loans and receivables	407,119	407.119	488,583	488,583
Trade and other payables	(1,450,239)	(1,450,239)	(897,820)	(897,820)
Provision	(840,660)	(840,660)	(734,264)	(734,264)
Derivative liability……………….	(316)	(316)	(78,501)	(78,501)
Borrowings………………………	(4,279,808)	(4,279,808)	(5,933,377)	(5,933,377)
Total	**(6,103,780)**	**(6,103,780)**	**(7,003,339)**	**(7,003,339)**

Credit risk

Credit risk is the risk of loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum credit risk exposure is limited to the carrying value of its trade and other receivables and cash and cash equivalents. At December 31, 2013, the Company had trade and other receivables (excluding prepayments and any GST receivable) of A$407,119. The Company's cash and cash equivalents of A$60,124 as at December 31, 2013 consisted of balances held at major established banks in Australia and California. Management believes that the credit risk with respect to trade and other receivables and cash and cash equivalents is not material.

Commodity price risk

The Company's operations are expected to eventually result in exposure to fluctuations in prices of commodities including oil, natural gas and natural gas liquids. At this time, the Company does not have any significant production and, therefore, there is no need for the Company to engage in commodity price risk management. However, management continuously monitors commodity prices and will utilize instruments to manage exposure to these risks if and when it deems necessary.

Interest rate risk

The Company is exposed to interest rate risk through the interest it is required to pay quarterly in arrears on its convertible debentures and the interest income it can earn on its surplus cash holdings. The Company manages its exposure to this interest rate risk through having secured a fixed rate of interest on the convertible debentures and in particular circumstances the ability to make quarterly interest payments through issuing shares though as a result of minimum pricing rules at the TSXV in the case of the holders of the Debentures dated June 26, 2012 the election to pay the interest in

shares is only valid when the price is above CAD$0.05. The Company also manages surplus funds by maintaining an account within the bank where funds not immediately required can be placed to generate interest and if appropriate place any available funds into longer term deposit accounts to secure higher rates of interest.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in the United States and a growing portion of its expenses is incurred in U.S. dollars. The Company does not hedge its exposure to fluctuations in the exchange rate. Changes in exchange rates could have a material effect on the Company's business including its intended capital plans, its financial condition and results of operations.

Certain of the Company's financial instruments are exposed to fluctuations in the U.S. dollar, including cash and cash equivalents, loans and receivables, and trade and other payables. The Company also has an exposure to the Canadian dollar with some administrative expenses and the derivative liabilities and borrowings it has recognised. The derivative liabilities and borrowings represent its exposure to warrants and the convertible debentures that are denominated in Canadian dollars.

Liquidity risk

The Company has contractual maturities of financial liabilities, including estimated interest payments and it excludes the impact of netting agreements, as summarized in the table below:

Consolidated	**Carrying Amount A$**	**Contractual Cashflows A$**	**6 months or less A$**	**6 months A$**	**12+ months A$**
Non-derivative financial liabilities					
Trade and other payables – Dec 31, 2013 *	1,450,239	1,450,239	925,249	524,990	
Borrowings – Dec 31, 2013 *	4,279,808	5,036,399	335,993	4,700,406	
Trade and other payables – Sept 30, 2013	1,790,149	1,790,149	1,790,149	-	-
Borrowings – Sept 30, 2013	6,917,608	7,480,662	7,480,662	-	-
Trade and other payables – Jun 30, 2013	973,320	973,320	973,320	-	-
Borrowings – Jun 30, 2013 **	5,933,377	7,835,861	3,258,069	226,828	4,350,964
Trade and other payables – Mar 31, 2013	845,588	845,588	845,588	-	-
Borrowings – Mar 31, 2013	5,196,217	7,340,316	339,655	2,915,370	4,085,291
Trade and other payables – Dec 31, 2012	947,735	947,735	947,735	-	-
Borrowings – Dec 31, 2012	5,110,023	7,704,219	345,568	351,295	7,007,356
Trade and other payables – Sept 30, 2012	1,157,226	1,157,226	1,157,226	-	-
Borrowings – Sept 30, 2012	4,949,784	7,947,074	349,979	352,387	7,244,708
Trade and other payables - Jun 30, 2012	2,030,611	2,030,611	2,030,611	-	-
Borrowings – Jun 30, 2012	1,818,523	3,080,893	134,653	132,819	2,813,421
Trade and other payables - Mar 31, 2012	1,733,103	1,733,103	1,733,103	-	-
Borrowings – Mar 31, 2012	1,728,623	3,207,644	172,301	134,333	2,901,010
Trade and other payables - Dec 31, 2011	3,071,792	3,071,792	3,071,792	-	-
Trade and other payables - June 30, 2011	2,027,100	2,027,100	2,027,100	-	-
Trade and other payables - June 30, 2010	807,696	807,696	807,696	-	-
Trade and other payables - June 30, 2009	88,324	88,324	88,324	-	-

* For the figures provided at 31 December 2013 the Borrowings contractual maturities reflect the extension of the maturity date to 31 July 2014. The Trade and other payables figure which incorporates the loan modification fee also reflects the extension of the maturity date to 31 July 2014 whereby that fee will be payable.

** For the figures provided at 30 June 2013 the Borrowings contractual maturities did not reflect the amendments to the debenture indenture dated June 26, 2012 which was announced 16 August 2013.

BUSINESS RISKS AND UNCERTAINTIES

Solimar is exposed to a variety of risks including, but not limited to, operational, financial, competitive, political and environmental risks. As a participant in the oil and natural gas industry, Solimar is exposed to operational risks such as: unsuccessful exploration and exploitation activities; uncertainty of cost estimates, for example in drilling and development activities; the inability to find new reserves that are commercially and economically feasible; uncertainty of cost estimates, for example in drilling and development activities; premature declines of reservoirs; blow-outs and other operating hazards; reliance on operators and drilling contractors; and lack of infrastructure or transportation to access markets and monetize reserves. The Company works to mitigate these risks by employing highly skilled personnel and utilizing available technology. The Company also maintains a corporate insurance program consistent with industry practices to protect against insurable losses.

The Company is exposed to normal financial risks inherent in the oil and natural gas industry including: commodity price risk; exchange rate risk; interest rate risk; credit risk; and uncertainty of cost estimates, for example in drilling and development activities. Solimar is also subject to the volatility of Global Financial Markets and the risk adversity of investors, banks and brokers under these conditions. From time to time, the Company may have to raise additional funds to finance business development activities. However, depending on market conditions at the time, there can be no assurance that the Company will be able to arrange debt or equity financing on satisfactory terms.

The oil and natural gas industry is intensely competitive, with Solimar competing against companies that may have greater technical and financial resources. There is competition for new exploration and development properties, for drilling and other specialized technical equipment and for experienced key human resources. To the extent possible, Solimar seeks to enter into joint venture arrangements with large and/or experienced industry players in each country to improve its access to resources.

The oil and natural gas industry is also subject to extensive and varying environmental regulations imposed by State of California and the US Government. The Company adopts prudent and industry-recommended field operating procedures in all of its operations, as well as maintaining a health, safety and environment program.

A more detailed description of **"Risk Factors"** was provided in the Canadian Prospectus on pages 69 to 77, a copy of which is on the Solimar Website: www.solimarenergy.com.au and was filed on SEDAR on November 14, 2011 at www.SEDAR.com.

CORPORATE DIRECTORY

Directors
Mr Frank Petruzzelli – Chairman
Mr Mark Elliott – Non Executive Director
Dr Charle Gamba – Non Executive Director
Mr Jason Bednar – Non Executive Director
Mr Will Satterfield – Non Executive Director

Officers and Senior Executives
Mr Chris Bowyer – Chief Financial Officer and Company Secretary

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(TSXV Code: **SXS**)
Toronto Venture Exchange
300 - 5th Avenue SW
10th Floor
Calgary, AB T2P 3C4
CANADA

Lead Share Registry (Australia)
Advanced Share Registry Services
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CANADA
Phone: +1 604 661 9400
Fax: +1 604 661 9549

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Jason Bednar, Acting Chief Executive Officer of Solimar Energy Limited, certify the following:

1. ***Review:*** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Solimar Energy Limited (the "issuer") for the interim period ended December 31, 2013.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework.

5.2 ***ICFR – material weakness relating to design:*** N/A.

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on July 1, 2013 and ended on December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: February 14th, 2014

Jason Bednar
Acting Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Chris Bowyer, Chief Financial Officer of Solimar Energy Limited, certify the following:

1. ***Review:*** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Solimar Energy Limited (the "issuer") for the interim period ended December 31, 2013.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

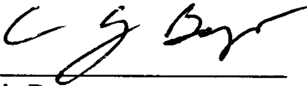
5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework.

5.2 ***ICFR – material weakness relating to design:*** N/A.

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on July 1, 2013 and ended on December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: February 14th, 2014



Chris Bowyer
Chief Financial Officer