

**CARNEGIE WAVE ENERGY LIMITED**  
**SECURITIES TRADING POLICY**

## **INTRODUCTION**

The Board has adopted the following policy in relation to Directors, Officers, Employees and potential insiders (including such parties as advisors and consultants who have access to, or are involved with confidential information) buying and selling securities of Carnegie Wave Energy Limited ("Carnegie Wave Energy").

## **POLICY**

Carnegie Wave Energy recognises that directors, officers and employees may hold securities in Carnegie Wave Energy and that most investors are encouraged by these holdings. It is the responsibility of the individual director, officer or employee to ensure that any trading by the director, officer or employee complies with the Corporations Act 2001, the ASX Listing Rules and Company Policy.

## **DEFINITION**

Director, Officer, Employee or Potential Insider (including such parties as advisors and consultants who have access to, or are involved with confidential information ) includes a director, officer or employee of Carnegie Wave Energy, the director's, officer's or employee's immediate family (includes a person or persons under the control or influence of the director, officer or employee) and related entities controlled by the director, officer or employee or members of the immediate family.

## **EFFECTIVE DATE**

10 July 2008

## **COMPANY SECURITIES**

- (a) Directors or Officers are to advise the Chairman, or in his absence the Managing Director, at least one day prior to the sale of securities in Carnegie Wave Energy held by the Director/Officer. Should the Chairman wish to sell securities he shall similarly notify the Managing Director at least one day prior to the sale.

Employees or potential insiders are to advise the Chairman at least one day prior to the sale of securities in Carnegie Wave Energy held by the Employee.

Where a Director wishes to buy securities in Carnegie Wave Energy, the director is to advise the Chairman, or in his absence the Company Secretary prior to placing the buy order. Similarly the Chairman is to advise the Company Secretary in advance of the placing of a buy order.

Where an Officer or Employee wishes to buy securities in Carnegie Wave Energy, the Officer or Employee is to advise the Chairman prior to placing the buy order.

- (b) A Director, Officer or Employee shall not trade any securities in Carnegie Wave Energy,
- (i) five days or less prior to the release of a report by Carnegie Wave Energy or less than two days following the release of a report by Carnegie Wave Energy (blackout period); and/or
  - (ii) at periods advised by the Company.

(c) A Director, Officer or Employee shall not trade securities in Carnegie Wave Energy if the Director, Officer or Employee is aware of any information any information concerning Carnegie Wave Energy which has not been made public which, if made public, a reasonable person would expect to have a material impact on the price or value of Carnegie Wave Energy securities. Employees must inform the Chairman of all market sensitive (material) information immediately after it is made available to the Company.

### **OTHER SECURITIES**

A Director, Officer or Employee shall not trade securities of another company where the Director, Officer or Employee is aware of:

- (a) non-public information regarding investigations or negotiations being conducted by Carnegie Wave Energy or any of its related entities into that company; and/or
- (b) non-public material information of a company in partnership with Carnegie Wave Energy.

### **INSIDER TRADING**

If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is illegal for the person to:

- (a) deal in the securities;
- (b) procure another person to deal in the securities; or
- (c) give the information to another person (also known as “tipping”) who the person knows, or ought reasonably to know, is likely to:
  - (i) deal in the securities; or
  - (ii) procure someone else to deal in the securities.

Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading.

Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

### **WHAT IS INSIDE INFORMATION**

Inside information is information that:

- (a) is not generally available; and
- (b) if it were generally available, would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.

Information is generally available if it:

- (a) is readily observable;
- (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs above.

### **BREACH OF POLICY**

A breach of this policy by an employee may lead to disciplinary action. It may also be a breach of the law.

### **ASSISTANCE AND ADDITIONAL INFORMATION**

Employees who are unsure about any information they may have in their possession, and whether they can use that information for dealing in securities, should contact the Chairman or his designate.

## Securities Trading Policy – Clearance Request

In accordance with the Securities Trading Policy of the Carnegie Wave Energy Limited, before dealing in any Company Securities, you are required to obtain clearance.

Please forward this request to the Chairman or his designate by fax no. 9486 4266 or by email to [enquiries@carnegiecorp.com.au](mailto:enquiries@carnegiecorp.com.au)

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Location: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

I request permission to trade the following securities which are proposed to be held by myself personally and/or other parties with whom I have an interest as follows:

Type of Security	Number of Securities	Buy/Sell/Exercise & Hold/ Exercise & Sell

I confirm that:

- a) it is not a blackout period;
- b) I am not in possession of Inside Information;
- c) I will not deal in the above securities until I am notified that clearance is approved; and
- d) I may be refused permission to deal without explanation.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

This form is valid for a period of 3 business days from the date of approval. After this time, clearance will lapse and a further request will need to be completed. This form will be returned to you with the period of validation completed if approval has been granted.

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*For completion by the Chairman or his designate*

Approval for the above dealing has been:  cleared for a period of 3 business days

refused

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_