



ABN 42 112 256 649
www.solimarenergy.com.au

August 1, 2012

RELEASE to ASX

Issue of Convertible Unsecured Debentures and Unlisted Warrants

**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR
DISSEMINATION IN THE UNITED STATES**

Further to the announcement made this morning please find attached an Appendix 3B for the issue of the 80 Convertible Unsecured Debentures and the 20,000,000 unlisted warrants.

Sincerely

A handwritten signature in black ink, appearing to read "C. Bowyer", is written below the word "Sincerely".

Chris Bowyer
Company Secretary
Solimar Energy Limited

For further information please contact: Solimar Energy on: +61 3 9347 2409
Website: www.solimarenergy.com.au

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Solimar Energy Limited

ABN

42 112 256 649

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | 1. Convertible Unsecured Debentures ("Debentures") - unquoted
2. Unlisted Warrants ("Warrants") - unquoted |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 80 Debentures with a principal amount of C\$50,000 each.
2. 20 million Warrants |

+ See chapter 19 for defined terms.

3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

1. Debentures

- Debentures have an interest rate of 11% p.a payable quarterly in arrears in cash or shares at the election of the Company.
- Debentures have a maturity date of 31 December 2014.
- At any time prior to maturity the Debentures will be convertible into shares at C\$0.10 per share at the holders option (subject to adjustment).
- Maturity can be accelerated to 30 days from date of notice once the Company's share price on the TSXV is equal or greater than C\$0.20 for 21 consecutive trading days (subject to adjustment).
- On maturity the Debentures can at the holders option be converted into shares at 95% of the weighted average price on the TSXV for the 20 consecutive trading days ending 5 trading days before maturity.

2. Warrants

- Expiry date is 31 July 2015.
- Exercise Price is C\$0.12 (subject to adjustment).
- One Warrant is exercisable into One Share
- The Expiry date can be accelerated to 30 days from date of notice once the Company's share price on the TSXV is equal to or greater than C\$0.20 for 21 consecutive trading days.

Please also see the Notice of Meeting and Explanatory Memorandum dated 22 June 2012 for details on the terms of the Debenture and Warrants.

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	1. N/A 2. N/A
5	Issue price or consideration	C\$4 million
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To fund the Company's capital expenditures in California, predominately in relation to the Kreyenhagen project, and for general working capital.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	
6b	The date the security holder resolution under rule 7.1A was passed	
6c	Number of +securities issued without security holder approval under rule 7.1	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6d	Number of +securities issued with security holder approval under rule 7.1A					
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)					
6f	Number of securities issued under an exception in rule 7.2					
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.					
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements					
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	31 July 2012				
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>462,142,098</td> <td>Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	462,142,098	Ordinary Shares
Number	+Class					
462,142,098	Ordinary Shares					

+ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	Number	⁺ Class
		3,000,000	Options (exercisable at \$0.0788 each expiring on 28 February 2015)
		13,900,000	Options (exercisable at \$0.18 each expiring on 1 July 2014)
		5,000,000	Options (exercisable at \$0.18 each expiring on 1 July 2014)
		3,200,000	Options (exercisable at \$0.1275 each expiring on 1 July 2014)
		1,500,000	Options (exercisable at \$0.1275 each expiring on 1 June 2013)
		41,332,874	Warrants (exercisable at C\$0.144 each expiring on 5 October 2014)
		9,000,000	Options (exercisable at C\$0.144 each expiring on 5 October 2014)
		14,000,000	Warrants (exercisable at C\$0.15 each expiring on 10 February 2014)
		56	Debentures (maturing 31 December 2013 and convertible at C\$0.10)
		6,111,111	Warrants (exercisable at C\$0.15 each expiring on 4 April 2015)
		5,000,000	Options (exercisable at \$0.1275 each expiring on 4 July 2016)
		80	Debentures (maturing 31 December 2014 and convertible at C\$0.10)
		20,000,000	Warrants (exercisable at C\$0.12 each expiring on 31 July 2015)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy has been formulated by the Company at this stage.	

⁺ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the ⁺ securities will be offered | |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | |
| 15 | ⁺ Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |

⁺ See chapter 19 for defined terms.

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☐ Securities described in Part 1
- (b) ☐ All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Number</th> <th style="width: 50%; text-align: center;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Company Secretary

Date: 1 August 2012

Print name: Chris Bowyer

+ See chapter 19 for defined terms.