

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and what action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or independent financial adviser who specialises in advising on the acquisition of shares and other securities and is authorised under the Financial Services and Markets Act 2000.

Application will be made for the Enlarged Share Capital to be admitted or re-admitted (as the case may be) to trading on the AIM market of the London Stock Exchange (“AIM”). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached rather than to larger or more established companies. AIM securities are not admitted to the Official List of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UKLA have themselves examined or approved the contents of this document.

If you have sold or otherwise transferred all your shares in the Company, you should forward this document, together with the accompanying Form of Proxy or Form of Direction, immediately to the purchaser, transferee or the agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee, except that this document should not be forwarded or transmitted into the United States, Canada, Japan, Australia, the Republic of Ireland or the Republic of South Africa or any other jurisdiction where it would be unlawful to do so.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules, has been issued in connection with the proposed admission and re-admission (as the case may be) to trading of the Enlarged Share Capital on AIM. It does not constitute a prospectus for the purposes of the Financial Services and Markets Act 2000.

For a discussion of risks and other factors which should be considered in connection with an investment in the Company, prospective investors should read the section entitled “Risk Factors” set out in Part II of this document.

COMMODITRADE INC.

(Incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands with registered number 143629)

Proposed acquisition of the Tambelan Interest
Proposed placing of 144,000,000 ordinary shares of 0.1 pence each
at 12.5 pence per share
Application for admission and re-admission to trading on the AIM market
Notice of Extraordinary General Meeting

Nominated Adviser
Strand Partners Limited

Broker
W.H. Ireland Limited

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount £</i>		<i>Number</i>	<i>Amount £</i>
1,000,000,000	1,000,000	ordinary shares of 0.1 pence each	371,273,114	371,273.11

The Directors and the Proposed Directors, whose names appear on page 8 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules published by the London Stock Exchange. To the best of the knowledge and belief of the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission. It is expected that Admission will become effective and that dealings will commence in the Enlarged Share Capital on 25 April 2006.

Strand Partners Limited, which is authorised and regulated in the UK by the Financial Services Authority, is acting as the nominated adviser for Commoditrade in connection with the proposed Admission and is not acting for any person other than Commoditrade and will not be responsible to any person other than Commoditrade for providing the protections afforded to its customers or for providing advice to any other person in connection with the Admission Document or any other matter. Its responsibilities as Commoditrade’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to Commoditrade or to any Director or to any Proposed Director or to any other person in respect of his decision to acquire shares in Commoditrade in reliance on any part of this document. No representation or warranty, express or implied, is made by Strand Partners Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

W.H. Ireland Limited, which is authorised and regulated in the UK by the Financial Services Authority, is acting as the broker for Commoditrade in connection with the proposed Placing and is not acting for any person other than Commoditrade and will not be responsible to any person other than Commoditrade for providing the protections afforded to its customers or for providing advice to any other person in connection with the Admission Document or any other matter. Its responsibilities as Commoditrade’s broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to Commoditrade or to any Director or to any Proposed Director or to any other person in respect of his decision to acquire shares in Commoditrade in reliance on any part of this document. No representation or warranty, express or implied, is made by W.H. Ireland Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

A notice convening an Extraordinary General Meeting of Commoditrade to be held at 30 Quai Gustave-Ador, 1207 Geneva, Switzerland at 11.00 a.m. (CET) on 24 April 2006 is set out at the end of this document. The enclosed Form of Proxy or Form of Direction for use at the Extraordinary General Meeting should be completed and returned to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and to be valid must arrive in the case of a Form of Proxy not less than 48 hours before the time fixed for the Extraordinary General Meeting and in the case of a Form of Direction not less than 72 hours before the time fixed for such meeting. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to vote at the meetings is 11.00 a.m. (CET) on 22 April 2006 or 48 hours before any adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting. Completion and return of a Form of Proxy or Form of Direction will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

Copies of this document will be made available to the public during normal business hours on any weekday (Saturdays and public holidays excepted) free of charge from the offices of SJ Berwin LLP, 10 Queen Street Place, London EC4R 1BE and shall remain available for at least one month after the date of Admission.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States, the Republic of Ireland, Canada, Australia, the Republic of South Africa or Japan. Neither the Existing Ordinary Shares nor the New Ordinary Shares have been, nor will they be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state or other jurisdiction of the United States, nor have the relevant clearances been, nor will they be, obtained from the Canadian Securities Commission or similar authority of any province or territory of Canada and no prospectus has been or will be filed or registration made under any securities laws of any province or territory of Canada, nor has a prospectus in relation to the Existing Ordinary Shares or New Ordinary Shares been lodged, nor will one be lodged, with or registered by the Australian Securities Commission, nor have any steps been taken nor will any steps be taken to enable the Existing Ordinary Shares or New Ordinary Shares to be offered in compliance with applicable securities laws of the Republic of Ireland, the Republic of South Africa or Japan. Accordingly, unless an exemption under the relevant securities laws is available, the Existing Ordinary Shares and New Ordinary Shares may not be offered, sold, re-sold, renounced, taken up or delivered, directly or indirectly, in, into or from the United States, the Republic of Ireland, Canada, Australia, the Republic of South Africa or Japan or any other jurisdiction in which the offer of the Existing Ordinary Shares or New Ordinary Shares would constitute a violation of the relevant laws or require registration thereof, or to or for the account or benefit of any US persons or residents of the Republic of Ireland, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction. All Shareholders (including without limitation, nominees, trustees or custodians) who would or otherwise intend to forward this document and/or any of the accompanying documents to any jurisdiction outside the United Kingdom or to overseas persons should seek appropriate advice before taking any such action.

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DEFINITIONS

The following words and expressions shall have the following meanings in this document, unless the context otherwise requires:

“Acquisition”	the proposed acquisition by Commoditrade of the Tambelan Interest;
“Acquisition Agreement”	the agreement dated on or around 5 April 2006 pursuant to which Commoditrade has conditionally agreed to acquire the Tambelan Interest, details of which are set out in paragraph 9.19 of Part V of this document;
“Act”	the Companies Act 1985 (as amended);
“Admission”	the admission or re-admission (as the case may be) of the Enlarged Share Capital to trading on AIM and such admission or re-admission becoming effective in accordance with the AIM Rules;
“Admission Document”	this document dated 6 April 2006;
“AIM”	the AIM market of the London Stock Exchange;
“AIM Rules”	the rules applicable to AIM as published by the London Stock Exchange from time to time;
“Articles”	the Company’s articles of association, further details of which are set out in paragraph 4 of Part V of this document;
“Board” or “Directors”	the current directors of the Company, whose names appear on page 8 of this document;
“Bonus Shares”	the 16,000,000 Ordinary Shares proposed to be issued to certain members of the LME Trading Team with effect from Admission;
“Brokerage”	Sucden (UK) Limited, a UK based company, regulated by the FSA and engaged in the brokerage of commodities and derivatives;
“Brokerage Shares”	the 15,350,000 new Ordinary Shares proposed to be allotted and issued by Commoditrade to the parent company of the Brokerage (or such persons as it may direct) in connection with the Proposals, further details of which are set out in paragraph 3.8 of Part V of this document;
“City Code”	the City Code on Takeovers and Mergers;
“Commoditrade Group”	Commoditrade and Commoditrade Limited;
“Company” or “Commoditrade”	Commoditrade Inc., a company incorporated in the Cayman Islands with registered number 143629;
“Completion”	completion of the Proposals;
“Consideration”	the allotment and issue of the Consideration Shares and the Deferred Consideration Shares (if any) and payment of cash of £14 million;
“Consideration Shares”	the 83,423,114 new Ordinary Shares proposed to be allotted and issued by Commoditrade to Tambelan (or to such persons as it may direct) pursuant to the Acquisition Agreement;

“Controlling Interest”	an interest in the issued share capital of the Company representing not less than 30 per cent. of the voting rights of the Company;
“Corvus”	Corvus Capital Inc., a company incorporated in the British Virgin Islands with registration number 367829 whose registered office is at Palm Chambers, PO Box 119, Road Town, Tortola, British Virgin Islands;
“CREST”	the computerised settlement system to facilitate the transfer of title to or interests in securities in uncertificated form, operated by CRESTCo Limited;
“Deed Poll”	the deed poll dated 22 February 2005 made by Capita IRG Trustees Limited dealing with the creation and issue of Depositary Interests in respect of the Company;
“Deferred Consideration Shares”	the 6,000,000 new Ordinary Shares proposed to be allotted and issued by Commoditrade to Tambelan (or to such persons as it may direct) pursuant to the Acquisition Agreement in the event that the net profit attributable (before the payment of bonuses to the LME Trading Team) under the Tambelan Agreement is greater than £9 million for the 12 month period following Admission;
“Depositary”	Capita Registrars, acting as depositary through its authorised and regulated associate company Capita IRG Trustees Limited;
“Depositary Interests”	interests in uncertificated form, representing Ordinary Shares, that can be settled through and held in CREST;
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 30 Quai Gustave-Ador, 1207 Geneva, Switzerland at 11.00 a.m. (CET) on 24 April 2006, notice of which is set out at the end of this document;
“Enlarged Group”	the Commoditrade Group, as enlarged by the Acquisition;
“Enlarged Board”	the Directors (save for Terrence John Bartlett) and the Proposed Directors;
“Enlarged Share Capital”	the issued ordinary share capital of Commoditrade as enlarged by the issue of the New Ordinary Shares;
“Existing Ordinary Shares”	the 103,200,000 Ordinary Shares in issue at the date of this document;
“Fee Shares”	the 9,300,000 new Ordinary Shares proposed to be allotted and issued by Commoditrade in connection with services provided in relation to the Proposals, further details of which are set out in paragraph 3.8 of Part V of this document;
“Form of Direction”	a form of direction for use by holders of Depositary Interests to direct how Capita IRG Trustees Limited votes at the EGM;
“Form of Proxy”	a form of proxy for use by Shareholders in relation to the EGM;
“FSA”	the Financial Services Authority;

“Fully Diluted Share Capital”	the Enlarged Share Capital together with such Ordinary Shares as would be in issue assuming the issue of the Deferred Consideration Shares and full exercise of all outstanding warrants and options granted by the Company at the date of this document;
“IFRS”	International Financial Reporting Standards;
“Independent Directors”	Terrence Bartlett and Joanna Barrett;
“Initial Commitment”	the commitment made at the time of the Original Placing pursuant to which the Company is able, in certain circumstances, to require certain persons to subscribe for additional Ordinary Shares;
“LME”	the London Metals Exchange;
“LME Trading Team”	the members from time to time of the LME trading team of the Brokerage who are set out in the Tambelan Agreement;
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares”	the Consideration Shares, the Placing Shares, the Bonus Shares, the Fee Shares and the Brokerage Shares;
“Official List”	the Official List of the UKLA;
“Option”	the option granted to Commoditytrade by Tambelan on 16 January 2006 for Commoditytrade to acquire the Tambelan Interest, further details of which are set out in paragraph 9.16 of Part V of this document;
“Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company;
“Original Placing”	the placing of 10,300,000 Ordinary Shares at a placing price of 5 pence per share which was effected at the time of the Company’s admission to AIM on 8 March 2005;
“Placees”	subscribers for Placing Shares;
“Placing”	the proposed placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement between W.H. Ireland, Strand Partners, the Directors, the Proposed Directors, Graham Porter and the Company, further details of which are set out in paragraph 9.17 of Part V of this document;
“Placing Price”	12.5 pence per Placing Share;
“Placing Shares”	the 144,000,000 new Ordinary Shares which are the subject of the Placing;
“Proposals”	together the Acquisition, the Placing and Admission;
“Proposed Directors”	Christopher Adams and Geoffrey Conway-Henderson;
“Resolutions”	the resolutions set out in the notice of EGM at the end of this document and reference to a “Resolution” shall be construed accordingly;
“Share Dealing Code”	the code on dealings in the Company’s securities adopted by the Company;

“Shareholders” or “Members”	holders of issued Ordinary Shares;
“Strand Partners”	Strand Partners Limited, the Company’s nominated adviser;
“Strand Warrant”	the warrant instrument dated 21 February 2005 made in favour of Strand Partners and granting Strand Partners the right to subscribe for new Ordinary Shares as described in paragraph 9.4 of Part V of this document;
“Tambelan”	Tambelan Company Limited, a company incorporated in the British Virgin Islands with registered number 104629;
“Tambelan Agreement”	a profit sharing agreement made between Tambelan and the Brokerage and dated on or around January 2001 (as amended in February 2002 and again in January 2004), details of which are set out in paragraph 14 of Part V of this document;
“Tambelan Interest”	Tambelan’s interest under the Tambelan Agreement;
“Target Company” or “Target Companies”	entities including, but not limited to, companies, partnerships and limited liability partnerships whose characteristics match the Company’s investment strategy as set out in Part I of this document;
“Transaction” or “Transactions”	investments in or the acquisition of an interest in a Target Company;
“UK” or United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA”	the United Kingdom Listing Authority of the FSA, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“VAT”	UK value added tax;
“Vendor”	Tambelan, a company wholly owned by Graham Porter;
“Voting Rights”	the right to receive notice of, attend (in person or by proxy or by corporate representative), speak (in person or by proxy or by corporate representative) and to cast (in person or by proxy or by corporate representative) one vote per share on a poll at general meetings of the Company; and
“W.H. Ireland”	W.H. Ireland Limited, the Company’s broker.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Graham Mark Butt (<i>Non-Executive Chairman</i>)* Terrence John Bartlett (<i>Executive Director</i>)* Joanna Rebecca Barrett (<i>Non-Executive Director</i>) *With effect from Admission Graham Butt will become Executive Chairman and Terrence Bartlett will resign from the Board
Proposed Directors	Christopher Paul Adams (<i>Proposed Non-Executive Director</i>) Geoffrey David Conway-Henderson (<i>Proposed Non-Executive Director</i>)
Registered Office and Registrars	Walkers SPV Limited Walker House Mary Street PO Box 908GT George Town Grand Cayman, Cayman Islands
Company Secretary	Kitwell Consultants Limited Kitwell House The Warren Radlett Hertfordshire WD7 7DU
Nominated Adviser	Strand Partners Limited 26 Mount Row London W1K 3SQ
Broker	W.H. Ireland Limited 24 Bennetts Hill Birmingham B2 5QP
Reporting Accountants	Ernst & Young LLP 1 More London Place London SE1 2AF
Auditors to the Company	Grant Thornton UK LLP Enterprise House 115 Edmund Street Birmingham B3 2HJ
Solicitors to the Company in the UK	SJ Berwin LLP 10 Queen Street Place London EC4R 1BE
Solicitors to the Company in the Cayman Islands	Walkers Walker House Mary Street PO Box 265GT George Town Grand Cayman, Cayman Islands
Solicitors to the Placing	Eversheds LLP 115 Colmore Row Birmingham B3 3AL
UK Registrars	Capita IRG (Offshore) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey JE4 0FF

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2006

Admission Document publication date		6 April
Last time and date for receipt of Forms of Direction	11.00 a.m. (CET) on 22 April	
Last time and date for receipt of Forms of Proxy	11.00 a.m. (CET) on 22 April	
Extraordinary General Meeting	11.00 a.m. (CET) on 24 April	
Completion of the Acquisition		25 April
Admission effective and dealings in the Enlarged Share Capital expected to commence on AIM	8:00 a.m. on 25 April	
Expected date for CREST accounts to be credited in respect of Depositary Interests		25 April
Expected date for posting of the share certificates for the New Ordinary Shares (where applicable)		2 May

ACQUISITION AND PLACING STATISTICS

Number of Existing Ordinary Shares prior to completion of the Proposals	103,200,000
Placing Price	12.5 pence
Number of Placing Shares being issued pursuant to the Placing	144,000,000
Number of Consideration Shares being issued pursuant to the Acquisition	83,423,114
Number of Bonus Shares being issued	16,000,000
Number of Fee Shares being issued	9,300,000
Number of Brokerage Shares being issued	15,350,000
Number of Ordinary Shares in issue immediately following Admission*	371,273,114
Number of Deferred Consideration Shares (if issued)	6,000,000
Percentage of the Enlarged Share Capital of the Company represented by the Placing Shares*	38.79 per cent.
Percentage of the Fully Diluted Share Capital represented by the Placing Shares	37.80 per cent.
Percentage of the Enlarged Share Capital of the Company held by the Directors and Proposed Directors*	5.28 per cent.
Gross proceeds of the Placing	£18 million
Estimated net proceeds of the Placing	£15.2 million
Market capitalisation at the Placing Price	£46.4 million

* The Acquisition and Placing Statistics above exclude the issue of the Deferred Consideration Shares

PART I

LETTER FROM COMMODITRADE

(Incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands with registered number 143629)

Directors:

Graham Mark Butt (Non-Executive Chairman)
Terrence John Bartlett (Executive Director)
Joanna Rebecca Barrett (Non-Executive Director)

Registered Office:

Walkers SPV Limited
Walker House
Mary Street
PO Box 908GT George Town
Grand Cayman, Cayman Islands

6 April 2006

To the holders of Existing Ordinary Shares and, for information purposes only, to the holders of warrants over Ordinary Shares

Dear Shareholder,

Proposed acquisition of the Tambelan Interest
Proposed placing of 144,000,000 Ordinary Shares at 12.5 pence per share
Application for admission and re-admission to trading on the AIM market

1. INTRODUCTION

On 12 July 2005, Commoditrade announced that it had entered into heads of agreement and a period of exclusivity to acquire a UK-based company engaged in the brokerage of commodities and derivatives. On 31 October 2005, a further announcement was made by the Company that negotiations in relation to the acquisition of the Brokerage were at an advanced stage. On 16 January 2006, the Company confirmed that negotiations to acquire the Brokerage were progressing and that, in addition, it had been granted an option by Tambelan to acquire Tambelan's interest in its contract with the Brokerage in respect of metals trading by the LME Trading Team on the London Metal Exchange.

The Board has made significant progress in respect of the proposed acquisition of the Brokerage and, whilst it still believes that the Brokerage represents a viable acquisition opportunity, it has decided to terminate discussions in this regard in order to pursue the proposed acquisition of the Tambelan Interest which the Directors believe will create greater value for Shareholders. The Brokerage is regulated by the FSA and as such, an application for change of controller had been submitted to the FSA which, as a result of the termination of discussions has now been withdrawn.

Accordingly, the Board announced today that the Company has exercised its option to acquire the Tambelan Interest for an initial aggregate consideration of £24.4 million, to be satisfied as to the payment of £14 million in cash and by the issue of the Consideration Shares. In addition, the Deferred Consideration Shares may be issued on the achievement of certain performance criteria.

The Directors and Proposed Directors believe that the Acquisition represents a substantial investment opportunity which will allow Commoditrade to receive the benefit of the revenue stream generated by the LME Trading Team pursuant to the Tambelan Agreement and which will deliver enhancement of Shareholder value. The LME Trading Team is well established and successful, with an in-depth knowledge of the markets on which it is represented and has developed strong client and market relationships. This has resulted in the achievement of strong growth in the level of profits achieved by the LME Trading Team over recent years.

In order to satisfy the cash consideration in respect of the Acquisition, and to provide working capital for the Enlarged Group, W.H. Ireland has conditionally placed 144,000,000 new Ordinary Shares with institutional investors at 12.5 pence per share. The Placing, which is discussed further below, is expected to raise £18 million gross (approximately £15.2 million net of expenses).

As the proposed acquisition of the Brokerage was of a size that would have constituted a reverse takeover under the AIM Rules, dealings in the Existing Ordinary Shares were suspended, at the Board's request, on 12 July 2005 at a mid-market price of 12.25 pence per share. This suspension has now been lifted following the publication of this document.

In view of its size, the Acquisition constitutes a reverse takeover under the AIM Rules, and is conditional, *inter alia*, upon the approval of Shareholders at the Extraordinary General Meeting, notice of which is set out at the end of this document. If the Resolutions are duly passed at the EGM, the Company's existing trading facility on AIM will be cancelled and the Company will apply for the Enlarged Share Capital to be admitted and re-admitted (as the case may be) to trading on AIM. An irrevocable undertaking to vote in favour of the Resolutions has been received from Corvus in respect of 78,500,000 Ordinary Shares representing approximately 76.07 per cent. of the Company's existing ordinary share capital.

Graham Butt, who is the Non-Executive Chairman of the Company, is deemed to be interested in the Acquisition by reason of his position as trust officer and shareholder of Rampart Management Inc, a company associated with Graham Porter. Accordingly, Mr Butt has not participated in the Board's deliberations with regard to the Acquisition.

Shareholders should note that the Proposals are inter-conditional. It is expected that Admission will take place and dealings in the Enlarged Share Capital will commence on 25 April 2006.

The purpose of this document is to provide you with information on the Proposals and to explain why your Board considers them to be in the best interests of the Company and the Shareholders as a whole and to convene the Extraordinary General Meeting at which your approval for the Proposals will be sought. You should read this entire document and your attention is drawn to Parts II to V of this document, which contain important information in relation to the Proposals.

If the Placing does not proceed, Commoditrade would need to seek alternative methods of financing in order to meet the expenses of the Proposals and its ongoing working capital requirements. Shareholders should note that if the Placing does not proceed and the Company is unable to procure alternative sources of funding, the Company would not be able to continue to trade.

2. THE COMPANY AND ITS INVESTMENT STRATEGY

Commoditrade was incorporated on 6 January 2005 in the Cayman Islands and its shares were admitted to trading on AIM as an investment company on 8 March 2005 when it raised £515,000 before expenses, by way of a placing at 5 pence per share. The Company was established with the primary objective of building, through investment and acquisition, a group specialising in the commodities sector.

The Board believed then, and it remains their belief now, that increased investor interest in the commodities sector, driven in large part by the high investment returns achieved in certain areas of the metals market has resulted in a climate which is favourable for making investments in or acquiring companies engaged in the brokerage of commodities and derivatives.

Following completion of the Proposals, the Company will continue to be an investment company under the AIM Rules, the strategy for which is set out in detail below.

The Enlarged Board intends to invest in (either by way of minority or majority investment, joint venture or other partnership arrangements) or acquire companies (private or public) predominantly located in Europe which would have some or all of the following characteristics:

- entities which are involved in the brokerage or trading of commodities;

- entities whose trading strategy or operations complement the strategy and business of the Commoditrade Group, for example where there is an opportunity to share administrative functions or cross-sell products;
- fund vehicles with investment products, which offer investors exposure to commodities markets;
- entities which either offer or have potential to develop trading operations or investment products within or that complement commodity markets; and
- entities developing opportunities to either trade new commodity products or to develop new methods or markets to trade commodities.

Accordingly, the objective of the Company continues to be the creation of a group combining commodities expertise with complementary trading areas while at the same time, as required, building a back office infrastructure capable of supporting further growth whether by acquisition or organic development of market opportunities.

The net proceeds of the Placing will enable the Enlarged Group to investigate potential Transactions in the pursuit of its strategy and to provide working capital for the Enlarged Group. As a company whose shares are traded on AIM, the Enlarged Board will consider effecting transactions using the Company's shares (in whole or in part) as consideration.

The Company's investment strategy is intended to be long-term. If, however, circumstances arise whereby an acquired business or company may be disposed of at a suitable premium, such possibilities will be considered at the relevant time. The Company intends to undertake up to 5 Transactions in the 24 month period following Admission, depending, amongst other matters, on the performance of businesses which have been acquired or in which the Company has made an investment. The Enlarged Board's preference will be to acquire 100 per cent. of potential Target Companies to obtain the full benefit of their growth prospects. However, equity interests of less than 100 per cent. may be considered by the Enlarged Board if the circumstances or opportunities merit consideration. In the majority of cases, the Enlarged Board's intention will be that the Company will be an active investor and will have a representative on the board of directors of Target Companies.

Prior to any Transaction an appropriate due diligence exercise will be undertaken. This due diligence process will be tailored according to individual Target Companies, but would normally be expected as a minimum to include the production of a legal due diligence report prepared by the Company's legal advisers and a financial due diligence report prepared by the Company's accountants.

Before any final investment decision is made, the Transaction and its related terms must be approved by the Enlarged Board. The Enlarged Board's intention will be to meet on a regular basis to discuss and monitor the status of the Company's current and potential Transactions.

The Directors intend that if the Company has not completed a Transaction within 36 months from Admission, they will convene an extraordinary general meeting at which proposals will be put to Shareholders to liquidate the assets of the Company and distribute the proceeds amongst Shareholders.

3. INFORMATION ON TAMBELAN, THE TAMBELAN AGREEMENT AND THE ACQUISITION

Tambelan was founded in 1994 by Graham Porter as an investment vehicle, one of the principal activities of which has been to be a metals trading business. In January 2001 Tambelan entered into an agreement with the Brokerage (which was amended in February 2002 and again in January 2004) pursuant to which Tambelan introduced the LME Trading Team to the Brokerage and agreed to underwrite losses generated by the LME Trading Team in consideration for Tambelan receiving 75 per cent. of the trading profits (after certain expenses) attributable to that team.

Summary of Financial Information

A financial summary of the profits attributable to the Tambelan Agreement for the three years ended 31 December 2005 is set out below:

	<i>Year ended 31 December 2003 £'000</i>	<i>Year ended 31 December 2004 £'000</i>	<i>Year ended 31 December 2005 £'000</i>
Revenue	3,508	8,010	10,633
Gross profit attributable to the Tambelan Agreement	1,840	5,072	7,117

Notes:

1. Revenue comprises 75 per cent. of the trading profits earned by the LME Trading Team.
2. Gross profit attributable to the Tambelan Agreement comprises revenue less 75 per cent. of the direct costs of the LME Trading Team and 100 per cent. of bonuses paid to the LME Trading Team.
3. The gross profit attributable to the Tambelan Agreement set out above includes the following amounts relating to differences arising from foreign exchange translations which have not been verified by Lee & Allen Consulting Limited: (2003: loss £170,600; 2004: loss £131,600; 2005: gain £136,800).

The financial information above has not been audited and has been extracted from the accounts of Tambelan and reviewed by Lee & Allen Consulting Limited.

LME trading

The Brokerage is one of 11 category one members of the LME and the LME Trading Team makes markets in base metals in the ring as well as via telephone trading. It also trades on the LME's electronic trading platform. The LME Trading Team generates income by acting as a market-maker, buying and selling the metals traded on the exchange and also dealing as principal trader taking positions subject to pre-set "caps and collars". Metals traded by the LME Trading Team on the LME are copper, aluminium, nickel, zinc, lead and tin; with copper, gold and silver also being traded on New York's Commodity Exchange Inc.

Trends in trading

Pursuant to the Tambelan Agreement a proportion of the Brokerage's LME trading profits are paid to Tambelan. Trading income is driven by market forces and may therefore be volatile on a daily basis. Since 2003 volatility in commodity prices has resulted in an increase in trading profits generated by the LME Trading Team.

The market

Commodity prices are a function of the relationship between supply, demand and speculative trading activity. Significant growth in trading activity of commodity futures and options has been experienced over recent years driven by relatively high commodity price volatility and rising base metal prices resulting from increased demand from developing countries, and in particular China. This in turn has led to an increase in speculative investments being made by financial investors such as pension funds and hedge funds, which have become key participants in the commodity market since 2001.

Since 2001, prices for the two most traded metals on the LME, aluminium and copper, have been high, driven by insufficient supply over the period. These fundamentals appear to support strong trading going forward, although an increase in supply is expected to result in some price correction in the short to medium term. Such a price correction should see the return to the market of certain participants, who were driven out by the high prices, which may support increased trading activity. The Directors and Proposed Directors believe that the demand for metals is expected to remain strong in the short-term as developing countries continue to experience growth and also as growth returns to the leading industrial economies in the world.

Competitive environment

The Brokerage faces a broad range of competitors which differ significantly by activity. The Directors believe that competitors to the Brokerage in LME trading are the other 10 category one members of the LME.

The LME Trading Team derives competitive advantage from its reputation within the commodity market, the expertise and in-depth market knowledge of its members and strong long-standing relationships with its customer base. The Directors believe that there are considerable barriers to entry for new potential competitors arising from the regulatory environment, the requirement for regulatory capital and the restriction on the number of trading seats available.

LME Trading Team

In addition to Christopher Adams (Head of LME trading), whose details are set out in paragraph 5 of this Part I, summary details of the key members of the LME Trading Team are set out below:

Christian Daniel Saunders (aged 31, Commodity Trader)

Christian joined the LME Trading Team in 2000 and currently acts as an aluminium trader. Prior to joining the Brokerage, Christian worked in sales at Cargill Investor Services Limited and as a trader at Billiton Metals Limited, having started his career at the LME.

Dean Carr (aged 28, Commodity Trader)

Dean joined the LME Trading Team in 2001 and trades all base metals and options. Dean has worked as a trader since 1998, when he commenced trading aluminium at Triland Metals Limited which he joined in 1996.

Tambelan Agreement

Under the terms of the Tambelan Agreement, either party can terminate the arrangement with 3 months' notice. If the Tambelan Agreement were to be terminated following completion of the Proposals, this could have a material adverse effect on the business and operations of the Company in that no further income would be received from the Brokerage following expiry of the 3 months' notice period. Subject to agreeing definitive documentation, the parent company of the Brokerage and the Brokerage have agreed that the Tambelan Agreement will be amended so as to be terminable by either party on the giving of 12 months' notice (such notice not to be given before the first anniversary of Admission).

In addition, the business of Commoditrade could be adversely affected if any of the members of the LME Trading Team were to leave the employment of the Brokerage and cease to be subject to the provisions of the Tambelan Agreement. The Directors have obtained an assurance from the key members of the LME Trading Team such that if the Tambelan Agreement were to be terminated by the Brokerage, those key members of the LME Trading Team would accept an offer of employment from Commoditrade provided that the terms of such employment were at least equivalent to their existing terms with the Brokerage.

If the Tambelan Agreement is terminated, the Enlarged Board would seek to replicate that arrangement with another LME ring member or seek to invest in or acquire another brokerage in order to provide a suitable alternative trading infrastructure for the LME Trading Team.

Graham Porter is the sole shareholder of Tambelan and is also the Executive Chairman of Corvus, which in turn holds 76.07 per cent. of the entire issued share capital of Commoditrade. Accordingly, the Acquisition is classified as a related party transaction under the AIM Rules. The Directors (other than Graham Butt who is not deemed to be independent for the purposes of the Acquisition) consider, having consulted with Strand Partners, that the terms of the Acquisition Agreement are fair and reasonable in so far as the Shareholders are concerned. In providing its advice to the Independent Directors, Strand Partners has taken into account the Independent Directors' commercial assessments of the Acquisition.

Further details of the Tambelan Agreement and the Acquisition Agreement are set out in paragraphs 14 and 9.19 respectively of Part V of this document.

4. CURRENT TRADING AND PROSPECTS OF THE ENLARGED GROUP

Since its incorporation in March 2005, the Company's only significant activity has been to obtain admission to trading on AIM and to raise £515,000 before expenses through the Original Placing. Save for entering into the material contracts referred to in paragraph 9 of Part V of this document, the Company has not traded since incorporation.

The Company today announced its audited results for the period ended 31 December 2005. Financial information on Commoditrade for the period ended 31 December 2005 is set out in Part III of this document.

The Enlarged Board is committed to continuing the investment strategy set out in the Company's AIM admission document dated 8 March 2005, which was to create a group that combines commodities expertise with complementary trading areas whilst at the same time consolidating back-office systems and reducing brokerage and commission payments made outside the group. The Enlarged Board is optimistic as to the Enlarged Group's prospects based on the combination of a continuation of the Company's investment strategy, the Acquisition, the Placing and its expectations for further growth in profits which they hope are able to be achieved by the LME Trading Team.

Since the period ended 31 December 2005 the trading results of the LME Trading Team have been ahead of the Directors' and Proposed Directors' expectations.

An unaudited pro forma statement of the consolidated net assets of the Enlarged Group, showing the impact of the Proposals on the Enlarged Group, is set out in Part IV of this document.

5. DIRECTORS AND PROPOSED DIRECTORS

Directors

With effect from Completion, it is proposed that Terrence Bartlett will resign as a director of the Company and that Graham Butt will become Executive Chairman. In addition at Completion, Christopher Adams and Geoffrey Conway-Henderson will be appointed as Non-Executive Directors. Immediately following Completion, the Enlarged Board will comprise:

Graham Mark Butt (*aged 44, Executive Chairman*)

Graham is currently a director of Fulcrum Administration LLC, and a member of the society of estate and trust practitioners. For over 20 years, Graham acted as an administrator, trustee and director of The Castle Trust Co. Limited group of companies, during which time he actively invested in structured funds and hedge funds to maximise returns for high net worth clients. Graham is currently a director of two AIM traded companies: Raven Capital Inc. and Corvus.

Joanna Rebecca Barrett (*aged 39, Non-Executive Director*)

Joanna has over 21 years' experience in the finance industry, both in the money markets and metal exchanges. For the last 8 years Joanna has worked in the offshore financial services industry specialising in the establishment and running of trust and fiduciary structures. This role involves acting on behalf of high net worth clients in both equity and structured finance investments. Joanna is currently a director of the AIM traded companies Raven Capital Inc., Gable Holdings Inc. and Corvus.

Proposed Directors

Christopher Paul Adams (*aged 37, Non-Executive Director*)

Chris is the head LME trader at the Brokerage. He rejoined the Brokerage in 2001 having worked at the Brokerage from 1994 to 1999. Chris has spent the last 19 years in the commodities industry, having held numerous positions at commodity trading houses including Billiton Enthoven Metals Limited. As well as trading for 15 years, he has held managerial positions for 10 years. Prior to rejoining the Brokerage, Chris held positions at Credit Lyonnais Rouse and AIG International.

Geoffrey David Conway-Henderson (aged 59, Non-Executive Director)

Geoffrey has over 35 years' experience in the finance industry, having worked in the money markets as a broker, dealing primarily in derivatives, interest rate swaps and options. From 1973 until 1987 he was Managing Director at Harlow Meyer & Co. Following this he left to become a director of Intercapital Brokers Limited, a subsidiary of Intercapital PLC, one of the world's largest interdealer brokers, until his retirement in October 2003. Geoffrey is currently a director of Corvus.

Summaries of each Director's and Proposed Director's service agreement or non-executive letter of appointment (as the case may be) are contained in paragraphs 8.3 to 8.4 of Part V of this document.

6. CORPORATE GOVERNANCE

Although the Company is registered in the Cayman Islands and is therefore not automatically subject to all UK legislation and regulations, the Enlarged Board is committed to maintaining high standards of corporate governance and, in so far as is practicable given the Company's size and nature, compliance with the Combined Code of Corporate Governance ("Combined Code"). Paragraph 6 of Part V of this document sets out a brief summary of the laws of the Cayman Islands applicable to the Company.

Following Admission, the Enlarged Board intends to comply with the Combined Code as far as is applicable for a company of its size and nature.

The Company has adopted the Share Dealing Code for the directors of the Company and future employees and will take steps to ensure compliance by such directors and any relevant employees with the terms of this code.

Upon completion of the Proposals, the Enlarged Board will implement such corporate governance procedures and establish such committees of the Enlarged Board as will be required, including audit and remuneration committees, for it to comply with the terms of the Combined Code, in so far as is appropriate for a company of its size.

The Directors have established financial controls and reporting procedures which are considered appropriate given the size and structure of the Company. These controls will be reviewed in light of significant acquisitions and adjusted accordingly.

7. PRINCIPAL TERMS OF THE ACQUISITION

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the Tambelan Interest, for a consideration comprising the issue of the Consideration Shares, the payment of £14 million in cash and, subject to the achievement of certain performance criteria, the issue of the Deferred Consideration Shares. The Acquisition Agreement is conditional on (i) the passing of the Resolutions and (ii) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to completion of the Proposals.

Further details of the Acquisition Agreement are set out in paragraph 9 of Part V of this document.

8. DETAILS OF THE PLACING AND THE INITIAL COMMITMENT

The Company is proposing to issue 144,000,000 Placing Shares pursuant to the Placing at the Placing Price to raise approximately £15.2 million (net of expenses). The Placing Shares will represent approximately 38.79 per cent. of the Enlarged Share Capital, will be fully paid upon issue and will rank *pari passu* in all respects with the Existing Ordinary Shares, the Consideration Shares, the Bonus Shares, the Fee Shares and the Brokerage Shares.

The Company, the Directors, the Proposed Directors and Graham Porter have entered into the Placing Agreement with Strand Partners and W.H. Ireland. The Placing is not being underwritten. The Placing Shares have been conditionally placed with institutions and other investors. The Placing is conditional upon, *inter alia*, the Placing Agreement becoming effective on 25 April 2006 (or such later time and date as the Company, Strand Partners and W.H. Ireland may agree being not later than 16 May 2006).

Further details of the Placing Agreement are set out in paragraph 9.17 of Part V of this document.

Initial Commitment

At the time of the Company's admission to trading on AIM on 8 March 2005, Shareholders who subscribed at 5p per Ordinary Share under the Original Placing also committed to subscribe for an aggregate of 3,433,333 further Ordinary Shares at a price of 15p per share, conditional upon the completion of the acquisition by the Company of a Target Company.

Whilst the Acquisition relates to revenues derived from a commodity trading business, it is not strictly in line with the Company's stated investment strategy and accordingly the obligation to subscribe for additional shares under the Initial Commitment will not be exercised at this time. The obligation to subscribe for shares under the Initial Commitment will continue until such time as the Company does complete the acquisition of its first Target Company.

9. PROPOSED SHARE ISSUES

Bonus Shares

On completion of the Proposals, Christopher Adams will receive 12,000,000 Bonus Shares and each of Dean Carr and Christian Saunders will receive 2,000,000 Bonus Shares as part of the Board's strategy to align their and the Company's interests. The Bonus Shares will be subject to the lock-in arrangements described further in paragraph 10 below.

Fee Shares

Also on Completion, Alex Chapman and Brian Thomlinson will receive 2,600,000 and 800,000 Fee Shares respectively in consideration of introducing potential equity investors to the Company; Access Capital Limited will receive 800,000 Fee Shares in consideration of the provision of financial structuring services to the Company; Graham Butt and Geoffrey Conway-Henderson will receive 3,000,000 and 1,300,000 Fee Shares respectively; and Strand Partners will receive 800,000 Fee Shares as part of its fee arrangements with the Company.

All of the Fee Shares (other than those to be issued to Brian Thomlinson and Strand Partners) are to be subject to the lock-in arrangements, further details of which are set out in paragraph 10 below.

Brokerage Shares

In consideration of the parent company of the Brokerage agreeing to the Proposals, in so far as they are applicable to it, Commoditrade proposes to issue 15,350,000 new Ordinary Shares to it.

10. LOCK-IN AGREEMENTS AND ORDERLY MARKET ARRANGEMENTS

Each of the Directors (other than Terrence Bartlett), Geoffrey Conway-Henderson, the Vendor and Corvus (in relation to 25 per cent. of its holding of Ordinary Shares) have entered into an agreement not to dispose of any interests in the securities of the Company set out in such agreement ("Lock-in Agreements") within the 12 month period following Admission. In addition, such Shareholders have also agreed not to dispose of any interests in those same securities of the Company in the 12 month period from the anniversary of the date of Admission unless such disposals are made through W.H. Ireland (or the Company's broker from time to time) (the arrangements save for the time period being collectively referred to as "Orderly Market Arrangements").

Christopher Adams, Dean Carr and Christian Saunders have each agreed to enter into Lock-in Agreements for a period of 24 months from Admission, save in certain limited circumstances.

Each of Corvus (in relation to 75 per cent. of its holding of Ordinary Shares), Kinetic Limited a party related to Tambelan, Alex Chapman and Access Capital Limited have agreed to enter into Orderly Market Arrangements for a period of 24 months from Admission.

Further details of the Lock-in Agreements and Orderly Market Arrangements are set out in paragraph 9.18 of Part V of this document.

11. DIVIDEND POLICY

The Company has not paid a dividend since incorporation.

The Directors and Proposed Directors expect that, in the short term, the anticipated revenues generated by the Tambelan Agreement will be retained by the Enlarged Group for the development and growth of the Enlarged Group. The Directors and Proposed Directors will review the dividend policy in light of the revenues received pursuant to the Tambelan Agreement.

The declaration and payment by the Company of dividends will be dependent upon the Company's financial condition, future prospects and other factors deemed to be relevant at the time. This will take into account both the requirements of the business and the expectations of the Shareholders.

12. TAXATION

Information regarding certain taxation considerations in the United Kingdom and the Cayman Islands is set out in paragraphs 5 and 6 of Part V of this document. These details are, however, intended as a general guide only to the current position under UK and Cayman Islands taxation law. If you are in any doubt as to your tax position, you should consult an appropriate professional adviser immediately.

13. EXTRAORDINARY GENERAL MEETING

A notice of Extraordinary General Meeting is set out at the end of this document convening the Extraordinary General Meeting to be held at 11.00 a.m. (CET) on 24 April 2006 at 30 Quai Gustave-Ador, 1207 Geneva, Switzerland. At the Extraordinary General Meeting, the Resolutions to be proposed will be as follows:

Ordinary Resolutions

- 1 To approve the Acquisition.
- 2 To authorise the Directors to allot the New Ordinary Shares.
- 3 To disapply certain provisions of the articles of association of the Company relating to pre-emption rights in connection with the proposed issue of the New Ordinary Shares.

As the Acquisition constitutes a reverse takeover, Shareholder approval, as set out in Resolution 1, is required under the AIM Rules. The full terms of the Resolutions are set out in the notice of EGM at the end of this document.

14. IRREVOCABLE UNDERTAKING FROM CORVUS

Corvus, which holds in aggregate 78,500,000 Ordinary Shares, representing approximately 76.07 per cent. of the existing ordinary share capital, has irrevocably undertaken to vote in favour of the Proposals.

15. ACTION TO BE TAKEN

A Form of Proxy, and in the case of those shareholders who hold their shares in the Company through Depository Interests, a Form of Direction, is enclosed for use at the Extraordinary General Meeting. Whether or not you intend to be present at the meeting you are requested to complete, sign and return the Form of Proxy or Form of Direction to Commoditrade's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. (CET) on 22 April 2006 in the case of a Form of Proxy and no later than 11.00 a.m. (CET) on 22 April 2006 in the case of a Form of Direction. The completion and return of a Form of Proxy or Form of Direction will not preclude you from attending the meeting and voting in person should you wish to do so.

16. SETTLEMENT, DEALINGS AND CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. CRESTCo Limited is unable to take responsibility for the electronic settlement of shares issued by non-UK companies.

Depository Interests allow paper stock to be dematerialised and settled electronically. The paper based stock is transferred to a nominee company under the control of the Depository. The Depository then issues the Depository Interests to the individual shareholder's CREST account on a one-for-one basis and provides the necessary custodial service. The Depository Interests can then be traded and settlement will be within the CREST system in the same way as other CREST stock.

To give Shareholders the choice of whether they want to hold their Ordinary Shares in certificated or uncertificated form, the Company has chosen to adopt the Depository Interests facility operated by its UK Registrar.

Shareholders who elect to hold their Ordinary Shares in uncertificated form through the Depository Interests facility will be bound by the terms of the Deed Poll, the terms of which are available for inspection as set out in paragraph 17.4 of Part V of this document.

The Company's share register will show the nominee company, Capita IRG Trustees (Nominees) Limited, as the holder of the Ordinary Shares but the beneficial interest will remain with the Shareholder who continues to benefit from all of the rights attaching to the Ordinary Shares as it would have if it had been on the register itself. The Depository Interests will be traded and settled via the CREST system. Shareholders can withdraw their Ordinary Shares back into certificated form at any time using standard CREST messages.

Conversion into, and transfers of, Depository Interests are subject to stamp duty or stamp duty reserve tax, as appropriate, in the normal way.

Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

17. FURTHER INFORMATION

Your attention is drawn to Part II of this document which contains certain risk factors relating to an investment in this Company, and to the remainder of this document which contains further additional information on the Enlarged Group.

18. RECOMMENDATION OF THE DIRECTORS

The Independent Directors consider that the Proposals are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Independent Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they themselves intend to do in respect of their own beneficial holdings which amount, in aggregate, to 2,200,000 Ordinary Shares, representing approximately 2.13 per cent. of the existing ordinary share capital.

This shareholding, together with that of Corvus which itself holds 78,500,000 Ordinary Shares (representing approximately 76.07 per cent. of the existing ordinary share capital), and which has irrevocably undertaken to vote in favour of the Resolutions, represents in total 78.2 per cent. of the existing ordinary share capital.

Yours faithfully

Joanna Barrett
Non-Executive Director

PART II

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. The Directors and Proposed Directors consider that the risks and other factors described below will be the most significant and should be considered carefully together with all the information contained in this document. It should be noted that the risks described below are not the only risks that will be faced by the Enlarged Group. There may be additional risks that the Enlarged Board currently consider not to be material or of which they are currently unaware.

If any of these risks referred to in this Part II crystallise, the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. If this should happen, the price of the Company's shares could decline and investors may lose all or part of their investment.

General Risk Factors

1. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value.
2. The price at which investors realise their Ordinary Shares and the timing of any disposal of them may be influenced by a large number of factors, some specific to the Enlarged Group and its proposed operations, and some which may affect the sector in which the Enlarged Group operates and generally. These factors could include the performance of the Enlarged Group's operations, large purchases or sales of shares in the Company, liquidity or absence of liquidity in the Ordinary Shares, legislative or regulatory changes relating to the business of the Enlarged Group and general economic conditions.
3. Potential investors should be aware that the value of shares can go down as well as up, and that an investment in a share which is to be traded on AIM is likely to be less realisable and to carry a higher degree of risk than an investment in a share quoted on the Official List.
4. To the extent that the Enlarged Group's revenues and costs are denominated in more than one currency, this may be affected by foreign exchange fluctuations.
5. The Company, by virtue of its current residence, is not subject to the provisions of the City Code and as such Shareholders will not be afforded the various protections conferred by the rules of the City Code.
6. The jurisdiction from which the Company will be controlled has yet to be resolved. As such, the Company could be resident for tax purposes in a jurisdiction other than the Cayman Islands which may result in the Company being required to withhold tax from dividends.
7. Forward looking statements in this Admission Document are no guarantee of future performance and only reflect the views and assumptions as at the date of this Admission Document and are subject to risks, uncertainties, market conditions and other factors, some of which will be beyond the control of the Enlarged Group and difficult to predict.
8. It will be mandatory for AIM companies to adopt IFRS for accounting periods commencing on or after 1 January 2007. The adoption of IFRS may have a material impact on the reported results, balance sheets and cash flow statements of the Enlarged Group when it is adopted.

Risk Factors specific to the Proposals

1. The Company's future performance, and that of the Enlarged Group, will depend heavily on the members of the LME Trading Team and the Enlarged Group's ability to retain their services. The loss of the services of any such individual may have an adverse effect on the business, operations, revenues and/or prospects of the Enlarged Group.

2. Subject to the agreement reached between the Company, the Brokerage and the parent company of the Brokerage as described on page 15, the Tambelan Agreement is terminable by either party to it on 3 months' notice. The termination of the Tambelan Agreement may have a serious adverse effect on the business, operations, revenues and/or prospects of the Enlarged Group.
3. The commodity market is, by nature, volatile, and both the performance of associated markets and the LME Trading Team will have a significant effect on the ultimate profitability of the Enlarged Group.
4. A number of the LME Trading Team's customers and suppliers will be situated in emerging market economies. Credit exposure to customers and suppliers in such areas may be more vulnerable as a result of less rigorous business practices and legal protections and also as a result of economic instability, civil disturbances and adverse government action which may restrict the movement of funds, impose limitations on foreign exchange transactions and/or result in the expropriation of assets.
5. Exchanges around the world are increasingly moving towards electronic trading and the future of the LME as an open outcry market is uncertain. At this stage there is no confirmation that the LME will convert to an electronic platform or any indication as to when this might take place but in the event that it did the Enlarged Group's future revenues may be adversely affected.
6. The Tambelan Agreement has been in operation since January 2001 and, to the extent that the terms of the Tambelan Agreement have required clarification, this has been provided and agreed between the parties. The key commercial terms of the Tambelan Agreement are explicitly stated in that agreement. However, the Tambelan Agreement does not contain a level of detail which would be expected of an agreement of this nature and value. In addition, an amendment to the Tambelan Agreement in January 2004 was effected by way of an exchange of correspondence between the parties, as opposed to an amended and restated agreement. As such there is no guarantee that the agreement of the parties to further points requiring clarification would be forthcoming, as has previously been the case. The Tambelan Agreement shall be available for inspection in accordance with paragraph 17 of Part V of this document.
7. The members of the LME Trading Team could serve notice in accordance with their existing terms of employment and accept employment with a third party or retire from metals trading. If this were to happen the Company could not compel any member of the LME Trading Team to accept employment procured by the Company. The loss of members of the LME Trading Team could have an adverse effect on the business operations, revenues and/or prospects of the Enlarged Group.
8. The volume of business that the LME Trading Team can undertake is dependent upon the regulatory capital position of the Brokerage. If the Brokerage's regulatory capital position were to be reduced, the level of trading that the LME Trading Team could carry out, and consequently, the profitability of the Enlarged Group, could be adversely affected.

PART III

FINANCIAL INFORMATION ON COMMODITRADE

The financial information set out overleaf comprises the audited financial statements of Commoditytrade for the period ended 31 December 2005.

Commoditrade Inc.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2005

Annual Report and Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

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Company Information

Directors

Graham Butt (Non-Executive Chairman)
Terence Bartlett (Executive Director)
Joanna Barrett (Non-Executive Director)

Registered office

Walkers SPV Limited
Walker House
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PO Box 908GT George Town
Grand Cayman
Cayman Islands

Company secretary

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Kitwell House
The Warren
Radlett
Hertfordshire WD7 7DU

Nominated adviser

Strand Partners Limited
26 Mount Row
London W1K 3SQ

Nominated broker

W H Ireland Limited
24 Bennetts Hill
Birmingham B2 5QP

Transfer agent

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Solicitors

Fladgate Fielder
25 North Row
London W1K 6DJ

Auditors

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Enterprise House
115 Edmund Street
Birmingham B3 2HJ

Chairman's Statement

FOR THE PERIOD ENDED 31 DECEMBER 2005

I am pleased to present the first full set of results for Commoditrade covering the period from incorporation on 6 January 2005 to 31 December 2005. The Company was admitted to AIM on 8 March 2005 through an initial placing of 10.3 million ordinary shares that generated net funds for the Company of £370,000. The Company was created to build, through investment and acquisition, a group specialising in the commodities sector.

The Company did not trade in the period covered by these results and the only activity during this period has been the investigation of various potential acquisition opportunities and the related due diligence undertaken thus far. On 12 July 2005, Commoditrade announced that it had entered into heads of agreement and a period of exclusivity to acquire a UK-based company engaged in the brokerage of commodities and derivatives ("Brokerage"). On 31 October 2005, a further announcement was made by the Company that negotiations in relation to the acquisition of the Brokerage were at an advanced stage. On 16 January 2006, the Company confirmed that negotiations to acquire the Brokerage were progressing and that, in addition, it had been granted an option by Tambelan to acquire Tambelan's interest in its contract with the Brokerage in respect of metals trading by the Brokerage's LME trading team ("LME Trading Team") on the London Metal Exchange ("Tambelan Interest").

The Board has made significant progress in respect of the proposed acquisition of the Brokerage and, whilst it still believes that the Brokerage represents a viable acquisition opportunity, it has decided to terminate discussions in this regard in order to pursue the proposed acquisition of the Tambelan Interest which the Directors believe will create greater value for Shareholders. The Brokerage is regulated by the FSA and as such, an application for change of controller had been submitted to the FSA, which as a result of termination of discussions has now been withdrawn.

Accordingly, the Board announced today that the Company has exercised its option to acquire the Tambelan Interest for an initial aggregate consideration of £24.4 million, to be satisfied as to the payment of £14 million in cash and by the issue of 83.4 million new ordinary shares at 12.5p each ("Acquisition"). In addition, 6 million deferred consideration shares may be issued on the achievement of certain performance criteria. In order to satisfy the cash consideration in respect of the Acquisition, and to provide working capital for the enlarged group, the Company's brokers have conditionally placed 144 million new ordinary shares with institutional investors at 12.5p per share, to raise £18 million before expenses.

The Directors believe that the Acquisition represents a substantial investment opportunity which will allow Commoditrade to receive the benefit of the revenue stream generated by the LME Trading Team and which will deliver enhancement of shareholder value. The LME Trading Team is well established and successful, with an in-depth knowledge of the markets on which it is represented and has developed strong client and market relationships. This has resulted in the achievement of strong growth in the level of profits achieved by the LME Trading Team over recent years.

Dealings in the Company's existing ordinary shares were suspended, at the Board's request, on 12 July 2005 at a mid-market price of 12.25 pence per share. This suspension has now been lifted following publication of an admission document in respect of the Acquisition and related proposals.

The Board is pleased with the progress made by the Company to date and looks forward to the future with confidence.

Graham Butt
Chairman

6 April 2006

Report of the Directors

FOR THE PERIOD ENDED 31 DECEMBER 2005

The directors present their annual report together with the audited financial statements for the period from incorporation on 6 January 2005 to 31 December 2005.

Principal activity

The principal activity of the Company is that of an investment company.

Business review

The results of the Company are shown on page 33. The directors do not recommend the payment of a dividend.

The company was incorporated on 6 January 2005. The Company raised £515,000 before expenses through a placing of shares on the admission of the Company to AIM as a cash shell on 8 March 2005. At the time of the AIM admission the Company stated that it was its intention to build, largely through acquisition, a group specialising in the commodities sector.

Post balance sheet events

On 6 April 2006 the Company has issued a circular detailing the acquisition, subject, inter alia, to shareholder approval, of Tambelan Company Limited's economic interest in its contract with a UK based company engaged in the brokerage of commodities and derivatives in respect of metals trading on the London Metal Exchange. At the same time the Company has conditionally placed 144,000,000 new ordinary shares at 12.5p per share raising £18 million before expenses.

Directors

Details relating to directors who served during the period are set out below.

	Ordinary shares of 0.1p each 31 December 2005 Number	Ordinary shares of 0.1p each On incorporation (or appointment to the Board if later) Number
Graham Butt	1,100,000	1,000,000
Terence Bartlett	1,100,000	1,000,000
Joanna Barrett	1,100,000	1,000,000

Substantial shareholdings

Apart from the interests of the Directors, the only interests in excess of 3% of the issued share capital of the Company which have been notified as at 28 March 2006 were as follows:

	Ordinary shares of 0.1p each Number	Percentage of capital %
Corvus Capital Inc.	78,500,000	76.07%
Pershing Keen Nominees Limited *	6,305,000	6.11%
Pershing Keen Nominees Limited *	3,513,500	3.40%

*unconnected holdings

Report of the Directors

FOR THE PERIOD ENDED 31 DECEMBER 2005

Payment to suppliers

It is the Company's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Company does not have a standard or code, dealing specifically with the payment of suppliers.

Trade creditors at the year end amount to 306 days of average supplies for the period.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial risks

Details of the financial risks faced by the Company are provided in note 15 to the financial statements.

International financial reporting standards ("IFRS")

The Company recognises that there is a requirement to prepare its financial statements under IFRS for the financial year ending 31 December 2007. The Board intends to keep this matter under review and monitor its impact in the period to the transition date.

Auditors

Grant Thornton UK LLP were appointed first auditors of the Company during the period and being eligible offer themselves for reappointment.

ON BEHALF OF THE BOARD

Kitwell Consultants Limited

Company Secretary

6 April 2006

Corporate Governance

FOR THE PERIOD ENDED 31 DECEMBER 2005

The Company has, since admission to the Alternative Investment Market, applied principles of corporate governance commensurate with its size.

Directors

The Company supports the concept of an effective board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Consultants supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of two executive directors, who hold the key operational positions in the Company and one non-executive director, who brings a breadth of experience and knowledge. The Company is in an initial phase of its development and is yet to acquire a business. Accordingly the Board consists of fewer members than is necessary to provide a balance whereby the Board's decision making cannot be dominated by an individual. This situation will be addressed as part of the acquisition process. The Chairman of the Board is Graham Butt who, together with Terence Bartlett, runs the Company's business.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

An audit committee has not yet been established, but, following an acquisition, will comprise of at least two non-executive directors, will meet at least half yearly and will be responsible for ensuring that the financial performance of the Company is properly monitored and reported on, as well as meeting the auditors and reviewing any reports from the auditors regarding accounts and internal control systems.

The Board has considered the need for an internal audit function but has decided the size of the Company does not justify it at present. However, it will keep the decision under annual review.

Going concern

The financial statements have been prepared on a going concern basis as the Directors have prepared cash flow forecasts, incorporating the acquisition of the economic interest held by Tambelan Company Limited and associated fundraising, which demonstrate that the Company has sufficient finance facilities available to allow it to continue in business for a period of twelve months from the date of approval of these financial statements.

Report on Remuneration

FOR THE PERIOD ENDED 31 DECEMBER 2005

Directors' remuneration

The Board recognises that directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The Company operates within a competitive environment, performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

Policy on executive directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Company's objectives. A separate remuneration committee will be established following an acquisition comprising the non-executive directors.

The remuneration of the Directors was as follows:

	Graham Butt £	Jo Barrett £	Terence Bartlett £	Total £
Period to 31 December 2005:				
Salary and fees	9,774	9,774	9,774	29,322
Annual salary and fees	12,000	12,000	12,000	36,000

Pensions

There are no pension schemes in operation.

Benefits in kind

The directors do not receive any benefits in kind.

Bonuses

No amounts are payable for bonuses in respect of the period ended 31 December 2005.

Notice periods

The Directors have letters of appointment which are terminable on three months notice on either side.

Share option incentives

At 31 December 2005 no options were held by the Directors.

Report of the Independent Auditors

to the members of Commoditytrade Inc.

We have audited the financial statements of Commoditytrade Inc. for the period ended 31 December 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein. As detailed in the principal accounting policies the Company was incorporated as a Corporation in the Cayman Islands, which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board has resolved that the Company will follow UK Accounting Standards and apply the Companies Act 1985 when preparing its annual financial statements.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises only the Chairman's statement, the report of the directors, the corporate governance statement and the report on remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its loss for the period then ended.
- have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

Registered Auditors
Chartered Accountants
Birmingham

6 April 2006

Principal Accounting Policies

FOR THE PERIOD ENDED 31 DECEMBER 2005

Basis of preparation

The Company was incorporated as a Corporation in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. Accordingly the Board have resolved the Company will follow UK Accounting Standards and apply the Companies Act 1985 when preparing its annual financial statements. The principal accounting policies adopted by the Company are set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The financial statements have been prepared on a going concern basis as the Directors have prepared cash flow forecasts, incorporating the acquisition of the economic interest held by Tambelan Company Limited and associated fundraising, which demonstrate that the Company has sufficient finance facilities available to allow it to continue in business for a period of twelve months from the date of approval of these financial statements.

Basis of consolidation

The investment in the dormant group subsidiary has not been consolidated in these financial statements as consolidation would merely replace the investment with a corresponding value of goodwill which is not considered to be material by the directors.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

Financial instruments

Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Profit and Loss Account

FOR THE PERIOD ENDED 31 DECEMBER 2005

	Note	Period from 6 January 2005 to 31 December 2005 £'000
Administrative expenses		(180)
Operating loss and loss on ordinary activities before taxation	1	(180)
Taxation	3	-
Loss on ordinary activities after taxation and retained loss	8, 9	(180)
Loss per ordinary share (pence)		
- basic	4	(0.20p)

There were no recognised gains or losses other than the loss for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheet

AT 31 DECEMBER 2005

	Note	31 December 2005 £'000
Current assets		
Debtors	5	1,087
Cash at bank		179
		1,266
Creditors:		
Amounts falling due within one year	6	(984)
Net current assets, total assets less current liabilities and net assets		282
Capital and reserves		
Called up share capital	7	103
Share premium account	8	359
Profit and loss account	8	(180)
Shareholders' funds		282

The financial statements were approved by the Board of Directors on 6 April 2006

Graham Butt
Director

Jo Barrett
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash Flow Statement

FOR THE PERIOD ENDED 31 DECEMBER 2005

	Note	Period from 6 January 2005 to 31 December 2005 £'000
Net cash outflow from operating activities	12	(283)
Net cash outflow before financing		(283)
Financing		
Issue of shares		607
Share issue costs		(145)
Net cash inflow from financing		462
Increase in cash	13	179

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

1 Loss on ordinary activities before taxation

The Company's loss on ordinary activities before taxation was derived from the principal activities of the Company.

The loss on ordinary activities is stated after charging:

	Period from 6 January 2005 to 31 December 2005 £'000
Auditors' remuneration:	
Audit services	13

Included within share premium is an amount of £7,500 paid to the auditors for Reporting Accountants services.

2 Directors and employees

	Period from 6 January 2005 to 31 December 2005 Number
The average number of persons (including Directors) employed by the Company during the period was:	3

There were no wages and salaries or other staff costs incurred other than directors emoluments. Details of the Directors' emoluments are included in the Report on Remuneration.

3 Taxation on loss on ordinary activities

There is no tax charge for the period. The Company does not operate within the UK and there is no tax arising on its operations.

4 Loss per share

The calculation of the basic loss per share is based on the loss on ordinary activities after tax of £180,000 divided by the weighted average number of ordinary shares in issue during the period of 89,529,528. The impact of the warrants on the loss per share is anti-dilutive.

5 Debtors

	31 December 2005 £'000
Prepayments and accrued income	1,087

Prepayments predominantly relate to prepaid expenses relating to the proposed acquisition which will be capitalised to form part of the cost of investment on completion of the acquisition.

6 Creditors: amounts falling due within one year	31 December 2005 £'000
Trade creditors	152
Accruals and deferred income	832
	984

Accruals predominantly relate to expenses relating to the proposed acquisition.

7 Share capital	31 December 2005 £'000
Authorised	
1,000,000,000 ordinary shares of 0.1p	1,000
Allotted, issued and fully paid	
103,200,000 ordinary shares of 0.1p	103

On incorporation on 6 January 2005 the Company issued 10 shares at par. On 21 February 2005 a further 92,499,990 shares were issued, also at par.

On 8 March 2005, the Company was admitted to the AIM Market of the London Stock Exchange and, at the same time issued 10,700,000 shares at 5 pence each, including 400,000 shares issued to the Company's Nominated Adviser to settle a fee of £20,000 due to that company.

The difference between the total consideration of £535,000 and the total nominal value of £10,700 has been credited to share premium (£524,300).

Warrants

On 21 February 2005 a warrant was granted to Strand Associates Limited in respect of 1% of the issued share capital at the date of exercise, in consideration for their group's role as Nominated Adviser. The warrant is exercisable between 8 March 2005 and 8 March 2010 at a price of 10p per share.

8 Reserves	Share premium £'000	Profit and loss account £'000
On incorporation	-	-
Retained loss for period	-	(180)
On share placing	524	-
Issue costs	(165)	-
At 31 December 2005	359	(180)

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2005

9 Reconciliation of movements in shareholders' funds

	Period from 6 January 2005 to 31 December 2005 £'000
Loss for financial period	(180)
Issue of ordinary share capital (net of issue costs)	462
Net increase in shareholders' funds	282
Equity shareholders' funds brought forward	–
Equity shareholders' funds carried forward	282

10 Contingent liabilities

There were no contingent liabilities at 31 December 2005.

11 Capital commitments

There were no capital commitments at 31 December 2005.

12 Reconciliation of operating loss to net cash outflow from operating activities

	Period from 6 January 2005 to 31 December 2005 £'000
Operating loss	(180)
Increase in debtors	(1,087)
Increase in creditors	984
Net cash outflow from operating activities	(283)

13 Reconciliation of net cash flow to movement in net funds

	Period from 6 January 2005 to 31 December 2005 £'000
Increase in cash for the period	179
Change in net funds resulting from cashflows	179
Net funds brought forward	–
Net funds carried forward	179

14 Analysis of changes in net debt

	On incorporation £'000	Cash flow £'000	31 December 2005 £'000
Cash at bank	–	179	179

15 Financial instruments

The Company uses financial instruments comprising cash. The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures.

Borrowing facilities

The Company has no borrowing facilities available to it.

Currency risk

The Company is not exposed to translation and transaction foreign exchange risk.

Interest rate risk

The Company finances its operations through the raising of equity and cash at bank. All financial assets earn interest at floating rates, based upon Bank of England base rates.

16 Transactions with related parties

During the period CVS Management Limited, a wholly owned subsidiary of Corvus Capital Inc. which owns 76.07% of the Company, provided management and advisory services amounting to £126,648. The amount outstanding to CVS Management Limited as at 31 December 2005 is £Nil.

Corvus Capital Inc. is not considered the ultimate controlling party as it holds its investments for medium to long term gain and does not exert any control over the Company.

17 Subsidiary undertakings

The Company has a wholly owned subsidiary undertaking, Commoditytrade Limited, incorporated in the United Kingdom, which is a dormant company. The cost of investment in that company is £2.

18 Post balance sheet events

On 6 April 2006 the Company has issued a circular detailing the acquisition, subject, inter alia, to shareholder approval, of Tambelan Company Limited's economic interest in its contract with a UK based company engaged in the brokerage of commodities and derivatives in respect of metals trading on the London Metal Exchange. At the same time the Company has conditionally placed 144,000,000 new ordinary shares at 12.5p per share raising £18 million before expenses.

Notice of Annual General Meeting

Notice is given that the annual general meeting of the members of the company will be held at 30 Quai Gustave-Ador, Geneva 3, Switzerland on 2 May 2006 at 4 pm Central European Time to consider and if thought fit, to pass the following:

Ordinary Resolutions

1. To receive the accounts and reports for the period ended 31 December 2005.
2. To re-elect Graham Butt as a director who is retiring by rotation in accordance with the articles of association of the Company and who being eligible offers himself for re-election.
3. To reappoint Grant Thornton UK LLP as auditors and authorise the directors to determine their remuneration.
4. That the directors be authorised to disapply the pre-emption rights set out in article 17 of the Company's articles of association, such power to expire at the conclusion of the Company's next annual general meeting and the directors may allot equity securities following an offer or agreement made before the expiry of the authority and provided that the authority is limited to:
 - 4.1 the allotment of equity securities up to a maximum aggregate nominal amount of £20,640, being twenty per cent of the Company's issued share capital at the date of this notice;
 - 4.2 the allotment of equity securities on exercise of the warrant granted to Strand Associates Limited on 21 February 2005.

By order of the board

Kitwell Consultants Limited

Secretary

Registered office:

Walkers SPV Limited, Walker House
Mary Street, PO Box 908GT George Town
Grand Cayman, Cayman Islands

6 April 2006

Notes

1. A shareholder who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his or her behalf, provided that only one proxy may be appointed by a shareholder in respect of a particular share held by him/her. A proxy need not be a shareholder of the Company.
2. To be effective, a completed and signed proxy (and any power of attorney or other authority under which it is signed) must be delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 48 hours before the time fixed for the meeting or any adjourned meeting. Completion and return of a proxy will not preclude a shareholder from attending and voting at the meeting in person, in which event the proxy shall be automatically revoked.
3. In the case of joint holders of shares in the Company, the vote of the senior holder shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names appear in the Company's register of shareholders (or the Company's Registrars' records).
4. In the case of holders of depositary interests representing ordinary shares in the Company, a form of direction must be completed in order to appoint Capita IRG Trustees Limited, the Depositary, to vote on the holder's behalf at the meeting or, if the meeting is adjourned, at the adjourned meeting. To be effective, a completed and signed form of direction (and any power of attorney or other authority under which it is signed) must be delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following unaudited pro forma statement of net assets of the Enlarged Group has been produced to illustrate the impact of the Acquisition and the Placing by the Company, all of which will have occurred since 31 December 2005, as if they had all occurred on 31 December 2005. The pro forma financial information is based on:

- (i) the financial information relating to the Company as at 31 December 2005 extracted from the financial information in Part III of this document;
- (ii) the estimated net proceeds of the Placing; and
- (iii) adjustments for the matters set out below.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, does not represent the actual financial position of the Enlarged Group.

	<i>Net assets of the Company at 31 December 2005 £'000</i>	<i>Adjustments £'000</i>	<i>Notes</i>	<i>Pro forma net assets of the Enlarged Group £'000</i>
Fixed assets				
Intangible assets	–	33,037	1	33,037
Current assets				
Cash deposit under Tambelan Agreement	–	1,163		1,163
Debtors	1,087	(1,016)	2	71
Cash at bank	179	125	3	304
	1,266	272		1,538
Creditors: amounts falling due within one year	(984)	951	4	(33)
Net current assets	282	1,223		1,505
Net assets	282	34,260		34,542

Notes to the pro-forma financial information

1	The intangible asset arising from the Acquisition has been calculated as follows:	<i>£'000</i>
	Consideration settled by the issue of 83,423,114 shares at 12.5p each	10,428
	16,000,000 shares issued to LME Trading Team at 12.5p each	2,000
	Cash consideration to the Vendor	14,000
	Costs of the Acquisition to be settled by cash	2,777
	Costs of the Acquisition to be settled by the issue of 9,300,000 shares at 12.5p each	1,163
	6,000,000 Deferred Consideration Shares at 12.5p each	750
	15,350,000 Brokerage Shares at 12.5p each	1,919
		<u>33,037</u>
	No account has been taken for any fair value adjustments that may arise on accounting for the Acquisition.	
2	The debtors effects of the Acquisition have been calculated as follows:	
	Additional costs incurred since 31 December 2005	1,761
	Total costs of Acquisition transferred to intangible asset	<u>(2,777)</u>
		<u>(1,016)</u>
3	The cash at bank effects of the Acquisition have been calculated as follows:	
	Gross proceeds arising from Placing	18,000
	Cash consideration to the Vendor	(14,000)
	Cash deposit required under the Tambelan Agreement \$2 million at an exchange rate of \$1.72: £1	(1,163)
	Outstanding costs of the Acquisition settled by cash	<u>(2,712)</u>
		<u>125</u>
4	The creditors effects of the Acquisition have been calculated as follows:	
	Additional costs incurred since 31 December 2005	1,761
	Cash payment of outstanding costs incurred	<u>(2,712)</u>
		<u>(951)</u>
5	The pro forma statement of net assets of the Enlarged Group is shown as if the Company had completed the Acquisition and Placing as at 31 December 2005.	
6	No adjustment has been made for any movement in the net assets of the Company since 31 December 2005.	

PART V

ADDITIONAL INFORMATION

1. RESPONSIBILITY FOR INFORMATION IN THIS DOCUMENT

1.1 The Directors, whose names and business addresses are set out in paragraph 1.2 of this Part V and the Proposed Directors, whose names and business addresses are set out in paragraph 1.3 of this Part V, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Directors and their respective positions are:

Graham Mark Butt	<i>Non-Executive Chairman</i>
Terrence John Bartlett	<i>Executive Director</i>
Joanna Rebecca Barrett	<i>Non-Executive Director</i>

The business address of the Directors is 30 Quai Gustave-Ador, 1207 Geneva, Switzerland. On completion of the Proposals, Terrence Bartlett will resign from the Board and Graham Butt will assume the role of Executive Chairman.

1.3 The Proposed Directors and their proposed respective positions are:

Christopher Paul Adams	<i>Non-Executive Director</i>
Geoffrey David Conway-Henderson	<i>Non-Executive Director</i>

The business address of the Proposed Directors is 30 Quai Gustave-Ador, 1207 Geneva, Switzerland.

2. THE COMPANY AND ITS SUBSIDIARIES

2.1 The Company was incorporated and registered in the Cayman Islands as an exempted company on 6 January 2005 under the Companies Law (as revised), with registered number 143629 and with the name Commoditrade Inc.

2.2 The registered office of the Company is at Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT George Town, Grand Cayman, Cayman Islands, telephone number +1 (345) 945 3727.

2.3 The Company's principal place of business at the date of this document is, and on completion of the Proposals will be, 30 Quai Gustave-Ador, 1207 Geneva, Switzerland.

2.4 The liability of the members of the Company is limited.

2.5 The principal legislation under which the Company operates is the Companies Law (as revised) of the Cayman Islands and the regulations made thereunder.

2.6 As at the date of this document, the Company has one wholly owned subsidiary, Commoditrade Limited, a company incorporated in England with registered number 5314366 and whose registered office is at Kitwell House, The Warren, Radlett, Hertfordshire. Commoditrade Limited was incorporated on 16 December 2004 with the sole aim of protecting the Commoditrade name in the United Kingdom and has not traded or carried out any business since its incorporation.

3. SHARE CAPITAL

3.1 The Company was incorporated with an authorised share capital of £1,000,000 divided into 1,000,000,000 Ordinary Shares, of which ten were issued as subscriber shares.

3.2 On 21 February 2005, the Company issued and allotted a further 92,499,990 Ordinary Shares at par.

- 3.3 On 8 March 2005, the Company issued and allotted a further 10,300,000 Ordinary Shares at 5 pence per share pursuant to a placing to raise £515,000 before expenses. On the same date 400,000 Ordinary Shares were issued and allotted by the Company to Strand Partners, fully paid, in part settlement of Strand Partners' fees for services provided to the Company in connection with this Placing.
- 3.4 As part of the placing referred to in paragraph 3.3, Strand Partners was granted the Strand Warrant, further details of which are set out in paragraph 9.4 of this Part V.
- 3.5 The authorised and issued share capital of the Company at the date of this document is and, following Completion will be as follows:

	<i>Number of Ordinary Shares</i>		<i>Allotted and fully paid</i>	
	<i>Authorised</i>	<i>Number of</i>	<i>Number of</i>	<i>Number of</i>
	<i>£</i>	<i>Ordinary</i>	<i>£</i>	<i>Ordinary</i>
		<i>Shares</i>		<i>Shares</i>
Current	1,000,000	1,000,000,000	£103,200.00	103,200,000
Following Completion	1,000,000	1,000,000,000	£371,273.11	371,273,114

- 3.6 By resolutions passed on 21 February 2005 the Directors were authorised to allot equity securities limited to:
- 3.6.1 the allotment of equity securities in connection with the placing referred to in paragraph 3.3 above and the Initial Commitment, up to an aggregate nominal amount of £14,133.33;
- 3.6.2 the exercise in full of the Strand Warrant; and
- 3.6.3 the allotment of equity securities, otherwise than in accordance with paragraphs 3.6.1 and 3.6.2, up to an aggregate nominal amount of £21,326.67.
- 3.7 Pursuant to the Resolutions to be proposed at the EGM, it is proposed that:
- (a) the Acquisition, subject to the terms and conditions of the Acquisition Agreement as described in this document, be and is hereby approved and that the board of directors of the Company (or a duly constituted committee of that board) be and is hereby authorised to waive, amend, vary or extend any of the terms and conditions of the Acquisition or the Acquisition Agreement (but not to any material extent) and do all such things as it may consider necessary or desirable in connection with the Acquisition;
- (b) the directors of the Company be and are hereby authorised, specifically and unconditionally, to allot the New Ordinary Shares up to an aggregate nominal amount of £268,073.11 and in addition Ordinary Shares up to an aggregate nominal amount of £55,690.97; and
- (c) the provisions of Articles 17(a) and (b) of the Company's articles of association shall not apply to any allotment of the New Ordinary Shares.
- 3.8 Pursuant to the Proposals, it is proposed that in aggregate 268,073,114 New Ordinary Shares are to be issued. The following Fee Shares will be issued in consideration for various services rendered to the Company in connection with the implementation of the Proposals:

<i>Name</i>	<i>Number of</i>
	<i>Fee Shares</i>
Graham Butt	3,000,000
Geoffrey Conway-Henderson	1,300,000
Alex Chapman	2,600,000
Brian Thomlinson	800,000
Access Capital Limited	800,000
Strand Partners	800,000
Total Fee Shares	<u>9,300,000</u>

In addition, it is proposed that 15,350,000 new Ordinary Shares will be issued to the parent company of the Brokerage in consideration for it agreeing to the Proposals, in so far as they are applicable to it.

The issue of the New Ordinary Shares will result in the holders of Existing Ordinary Shares suffering an effective dilution rate of 259.8 per cent.

- 3.9 The Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company.
- 3.10 Except in respect of the grant of the Strand Warrant, no share of the Company is under option or subject to a warrant or has been agreed conditionally or unconditionally to be put under option or subject to a warrant.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum of association

The principal objects of the Company are set out in clauses 3 to 6 of its memorandum of association. The Company has unrestricted power and authority to carry out any object not prohibited by law, subject to the following:

- 4.1 the Company is not permitted to carry on, without first acquiring the relevant licence, the business of a bank or trust company; the business of an insurance company or broker; or the business of company management; and
- 4.2 the Company may not trade in the Cayman Islands.

Articles of association

The rights attaching to the Ordinary Shares, as set out in the articles of association of the Company, contain, amongst others, the following provisions:

Votes of members

- (a) Subject to any special terms as to voting or to which any shares may have been issued, or no shares having been issued subject to any special terms, on a show of hands every member who being an individual is present in person or, being a corporation is present by a duly authorised representative, has one vote, and on a poll every member has one vote for every share of which they are a holder.
- (b) A member of the Company is not entitled in respect of any shares held by him/her to vote at any general meeting of the Company if any amounts payable by him/her in respect of those shares have not been paid.

Variation of rights

If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of at least three-fourths of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of that class by at least a three-fourths majority. The quorum at any such meeting is at least one person holding, or representing by proxy, at least one third of the issued shares in question, and any holder of shares of the class present in person or by proxy may demand a poll.

Alteration of capital

The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe.

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

- (b) convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- (c) subdivide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Transfer of shares

- (a) The instrument of transfer of any share shall be in any usual form or such other form as the directors of the Company may, in their absolute discretion, approve and be signed by on behalf of the transferor and, in the case of nil or partly paid shares, or if so required by the directors of the Company, by or on behalf of the transferee, and shall be accompanied by the certificate (if any) of the shares to which it relates and such other evidence as the directors of the Company may reasonably require to show the right of the transferor to make the transfer. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.
- (b) The directors of the Company may, in their absolute discretion and without assigning any reason, refuse to register the transfer of a share in certified form if it is not fully paid or if the Company has a lien on it, or if it is not duly stamped. In exceptional circumstances approved by the London Stock Exchange, the directors of the Company may refuse to register any such transfer, provided that their refusal does not disturb the market.
- (c) The articles of association contain no restrictions on the free transferability of fully paid Ordinary Shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the articles of association, if any, relating to registration of transfers have been complied with.

Payment of dividends

Subject to any rights and restrictions attaching to any shares, Shareholders are to distribute amongst themselves the profits of the Company according to the amounts paid up on the shares held by them, provided that no dividend will be declared in excess of the amount recommended by the directors of the Company. Interim dividends may be paid if profits are available for distribution and if the directors of the Company so resolve. The Company or the directors of the Company may fix a date as the record date for a dividend, provided that the record date is not later than the date on which the dividend is paid or made.

Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.

Pre-emption rights

- (a) The Company, unless otherwise authorised by ordinary resolution, shall not allot shares on any terms unless the directors of the Company have offered, either in person or by post (and such offer, having been open for not less than 21 clear days, has lapsed or been refused), such proportion of those shares to existing shareholders of the same class as is equal (or as near as possible) to the proportion of the existing issued share capital held by each such shareholder.
- (b) An offer as set out in paragraph (a) above shall be sent:
 - (i) where shares are held jointly, to the joint holder named first on the register of members; and
 - (ii) in the case of a member's death or bankruptcy, to the address in the United Kingdom supplied by the personal representatives or trustee in bankruptcy (as appropriate) of that member, or until an address is supplied, in any manner that would have been effective had the death or bankruptcy not occurred.

General meetings

- (a) All general meetings of the Company, which may be convened by the directors of the Company whenever they think fit, shall be extraordinary general meetings, other than the annual general meeting of the Company, which shall be held at such time and place as the directors of the Company may determine.
- (b) General meetings may also be convened by the written requisition of members entitled to attend and vote at such a meeting who hold not less than 10 per cent. of the paid up voting shares of the Company for a date no later than 21 days from the date of deposit of the requisition. If the meeting is not convened by the directors of the Company within 45 days of the date of deposit of the requisition then those members calling the meeting may convene it themselves in the same manner as nearly as possible as it would be convened by the directors of the Company.
- (c) If there are no directors of the Company then any two members, or the sole member, of the Company may convene a general meeting in the same manner as nearly as possible as it would be convened by the directors.

Notice of general meetings

- (a) An annual general meeting and an extraordinary general meeting for the passing of a special resolution must be called by at least 21 days' notice and all other general meetings must be called by at least 14 days' notice.
- (b) The notice (which is to be in writing, specifying the place, day and time of the meeting, and where special business is proposed, the general nature of such business) is exclusive of the day on which it is served, or deemed to be served, and of the day for which it is given.
- (c) A meeting of the Company called by shorter notice than required under paragraph (a) above will be deemed to be duly called if it is agreed, in the case of an annual general meeting, by all the members entitled to attend and vote at it, and in the case of any other meeting, by a majority in numbers of the members having a right to attend and vote at the meeting and holding not less than 95 per cent. in nominal value of the shares giving that right.
- (d) The accidental omission to give notice of a meeting, or the non-receipt by a person entitled to receive it, will not invalidate the proceedings at that meeting.

Indemnities in favour of directors of the Company

- (a) Every director (including alternates), secretary or other officer of the Company (but not including the Company's auditors) and their personal representatives shall be indemnified and held harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, (including any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere).
- (b) No such director, alternate director, secretary, assistant secretary or other officer of the Company (but not including the Company's auditors) shall be liable for:
 - (i) the acts, receipts, neglects, defaults or omissions of any other director or officer or agent of the Company; or
 - (ii) for any loss on account of defect of title to any property of the Company; or
 - (iii) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
 - (iv) for any loss incurred through any bank, broker or other similar person; or

- (v) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part; or
- (vi) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers authorities, or discretions of his office or in relation thereto, unless the same shall happen through his own dishonesty.

Return of capital

On a winding-up of the Company, the balance of the assets available for distribution will, subject to any relevant restrictions, be divided amongst the Members.

Borrowing powers

The directors of the Company may exercise all of the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part if it, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Directors

- (a) No shareholding qualification is required by a director of the Company unless determined otherwise by ordinary resolution.
- (b) The directors of the Company are entitled to remuneration at the rate decided by them or by the Company by ordinary resolution.
- (c) At every annual general meeting, one third of the directors who are subject to retirement by rotation, or as near to it a may be, will retire from office. A retiring director is eligible for re-appointment.
- (d) The directors of the Company may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they see fit.
- (e) Provided that a director of the Company has declared the nature of his interest at a meeting of the directors of the Company, he/she may vote and be counted in the quorum present on any motion in regard to any contract, transaction, arrangement or any other proposal in which he/she has material interest, which includes the interest of any person connected with him/her.

5. TAXATION

The following paragraphs are intended as a general guide for Shareholders who are resident and domiciled in the United Kingdom for tax purposes. The statements only apply to certain Shareholders who are beneficial owners of Ordinary Shares. They are not applicable to all categories of Shareholders, and in particular, are not addressed to: (i) Shareholders who do not hold their Ordinary Shares as capital assets; (ii) Shareholders who own (directly or indirectly) 10 per cent. or more of the Company; or (iii) special classes of Shareholders such as dealers in securities or currencies, broker-dealers or investment companies. The statements do not purport to be comprehensive or to describe all potential relevant considerations. They are based on current legislation and UK HM Revenue and Customs practice. Any Shareholder or prospective purchaser of Ordinary Shares should consult their professional advisers on the possible tax consequences of acquisition, ownership and disposition under the laws of their particular citizenship, residence and/or domicile.

Paragraph 6 of Part V of this document sets out certain tax considerations in relation to the Cayman Islands.

- (a) *Stamp duty and stamp duty reserve tax*

No stamp duty or stamp duty reserve tax is payable on the issue of the Ordinary Shares.

Any subsequent disposal of the Ordinary Shares will generally give rise to payment of *ad valorem* stamp duty on the transfer document at the rate of 50p per £100, or part, on the amount or value of the consideration paid, subject to a minimum duty of £5. Agreements for such transfers are generally

subject to stamp duty reserve tax (unless, in general, the transfer of the relevant shares is duly stamped with *ad valorem* duty), generally at the rate of 0.5 per cent. of the amount or value of the consideration paid. Liability to pay any stamp duty reserve tax is generally that of the transferee or purchaser. Where a purchase or transfer is effected through a member of the London Stock Exchange or a qualified dealer, the member or dealer will normally account for the collection and payment of the tax, but in all other cases the transferee or purchaser must account for the tax to HM Revenue and Customs.

Persons operating clearance services or depository receipt schemes may be required to account for stamp duty and stamp duty reserve tax at rates higher than those referred to above.

(b) *Taxation of chargeable gains*

A subsequent disposal of the Ordinary Shares by persons resident or ordinarily resident in the United Kingdom in a tax year which gives rise to gains may be liable to capital gains tax (individuals and trustees) or corporation tax (companies). Liability to tax and the rate of tax will depend on the Shareholder's circumstances and the availability of exemptions or allowable losses.

Indexation allowance, which increases the acquisition cost of an asset in line with the rise in the retail price index, is available for UK corporate Shareholders during the period of ownership.

For individuals and trustees, taper relief may be available to reduce the amount of a chargeable gain according to how long the asset has been held.

Individuals and certain trusts have an overall annual exemption from capital gains tax for the first £8,500 of chargeable gains in the current tax year. Settlements have an equivalent exemption of up to £4,250 in the current tax year.

Generally, losses realised on the disposal of assets may be set against other gains made during the tax year or carried forward to be set against gains in future tax years.

Different tax treatment applies to persons who trade in securities.

Persons who are neither resident nor ordinarily resident in the United Kingdom will not normally be liable to tax in the United Kingdom in respect of any gain accruing to them on disposal of the Ordinary Shares. The terms of a relevant double taxation treaty may apply to persons with dual residence.

(c) *Taxation and dividends*

The Company is not incorporated in the UK and there is no requirement to withhold UK tax from dividends paid on shares. Any Shareholder who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the shares.

Dividends paid to a UK resident corporate Shareholder will be assessable income of the Shareholder.

It should be noted however that the jurisdiction from which the Company will be controlled has yet to be resolved. As a consequence, the Company could be resident for tax purposes in a jurisdiction other than the Cayman Islands. This may lead to the Company being required to withhold tax from dividends. The existence of a relevant double taxation treaty could then affect this matter further.

Individuals ordinarily resident in the United Kingdom should note that sections 739 and 740 of the Income and Corporation Taxes Act 1988, which contain provisions for preventing the avoidance of income tax through transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company.

These comments are intended only as a general guide to the current tax position in the UK at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

6. SUMMARY OF CAYMAN ISLANDS' MUTUAL FUNDS LAW AND ANTI MONEY LAUNDERING LEGISLATION AND TAXATION

6.1 Cayman Islands mutual funds law

The Company falls outside the definition of a "Mutual Fund" in terms of the Mutual Funds Law (2003 Revision) of the Cayman Islands (as amended) and accordingly is not regulated in terms of that law.

6.2 Anti money laundering legislation

As part of the Company's responsibility for the prevention of money laundering, the Company and/or W.H. Ireland will require detailed verification of the applicant's identity and the source of payment. Depending on the circumstances of each application, a detailed verification might not be required where:

6.2.1 the applicant is a recognised financial institution which is regulated by a recognised regulatory authority and carries on business in a country listed in Schedule 3 of the Cayman Islands Money Laundering Regulations (a "Schedule 3 Country");

6.2.2 the application is made through a recognised intermediary which is regulated by a recognised regulatory authority and carries on business in a country recognised in a Schedule 3 Country. In this situation the Company and/or W.H. Ireland may rely on written assurance from the intermediary that the requisite identification procedures on the applicant for business have been carried out; and

6.2.3 the subscription payment is remitted from an account (or joint account) held in the applicant's name at a bank in the Cayman Islands or a bank regulated in a Schedule 3 Country. In this situation the Company may require evidence identifying the branch or office of the bank from which the monies have been transferred, to verify that the account is in the name of the applicant and to retain a written record of such details.

The Company and/or W.H. Ireland reserve the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company and/or W.H. Ireland will refuse to accept the application and relevant subscription monies.

If any person who is resident in the Cayman Islands has a suspicion that a payment to the Company and/or W.H. Ireland (by way of subscription or otherwise) contains the proceeds of criminal conduct, that person is required to report such suspicion pursuant to The Proceeds of Criminal Conduct Law (as amended).

By subscribing, applicants consent to the disclosure by the Company and/or W.H. Ireland of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

6.3 Certain Cayman Islands tax considerations

There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to the Company will be received free of all Cayman Islands taxes.

The Company is registered as an "exempted company" pursuant to the Companies Law (as amended). The Company has received an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of twenty years from such date, no law that thereafter is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income or on gains or appreciation, or any tax in the nature of estate duty or inheritance tax, will apply to any property comprised in or any income arising under the Company, or to the Shareholders thereof, in respect of any such property or income.

7. SUBSTANTIAL SHAREHOLDERS

- 7.1 Except for the interests set out in the table below, the Company is not aware of any person who is, or immediately following Admission will be, interested directly or indirectly in three per cent. or more of the share capital of the Company.

<i>Name</i>	<i>Current</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>%</i>	<i>Number of Ordinary Shares</i>	<i>%²</i>
Corvus	78,500,000	76.07	78,500,000	21.14
Kinetic Limited ¹	–	–	39,211,559	11.23
Tambelan ¹	–	–	39,211,559	11.23
New Star Hedge Fund	–	–	30,240,000	8.14
Nutraco Nominees Limited	–	–	21,466,667	5.78
OMX Securities Nominees	3,513,500	3.40	19,513,500	5.26
Majedie Investments Plc	–	–	16,000,000	4.31
Christopher Adams	–	–	12,000,000	3.23
JP Morgan Fleming Asset Management Limited	–	–	11,251,613	3.03

¹ These shares will be beneficially held by Graham Porter.

² Excluding for this purpose the effects of exercise of the Strand Warrant and the issue of the Deferred Consideration Shares.

- 7.2 Except as disclosed in this document, the Company is not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 7.3 The Company is not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Company.
- 7.4 The Shareholders listed in the table in paragraph 7.1 above do not have different voting rights to the other holders of Ordinary Shares.

8. DIRECTORS' INTERESTS, SERVICE AGREEMENTS AND OTHER MATTERS

- 8.1 The interests of the Directors, the Proposed Directors, their immediate families and persons connected with them (within the meaning of section 346 of the Act) in the share capital of the Company (all of which are beneficial) at the date of this document and on Admission are and will be:

<i>Name</i>	<i>Current</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>%</i>	<i>Number of Ordinary Shares</i>	<i>%</i>
Graham Butt	1,100,000	1.07	4,100,000	1.10
Terrence Bartlett	1,100,000	1.07	1,100,000	0.3
Joanna Barrett	1,100,000	1.07	1,100,000	0.3
Christopher Adams	–	–	12,000,000	3.23
Geoffrey Conway-Henderson	–	–	1,300,000	0.35

- 8.2 Except as disclosed in paragraph 8.1, none of the Directors or the Proposed Directors nor any member of their respective immediate families, nor any person connected with them (within the meaning of section 346 of the Act) is interested in the share capital of the Company, or in any related financial products referenced to the Ordinary Shares.
- 8.3 The Company has entered into the following letters of appointment with the Directors:

8.3.1 a letter of appointment with Graham Butt dated 21 February 2005, pursuant to which Mr Butt was appointed as Non-Executive Chairman of the Company for an annual fee of £12,000, payable monthly in arrears. The appointment was for an initial period of six months and is then terminable on three months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Butt is in material breach

of the terms of the appointment. On Admission Mr Butt will become Executive Chairman of the Company;

8.3.2 a letter of appointment with Terrence Bartlett dated 21 February 2005, pursuant to which Mr Bartlett was appointed as an Executive Director of the Company for an annual fee of £12,000, payable monthly in arrears. The appointment was for an initial six months and is then terminable on three months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Bartlett is in material breach of the terms of appointment; and

8.3.3 a letter of appointment with Novus Advisory Services Limited for the services of Joanna Barrett dated 21 February 2005 pursuant to which Ms Barrett was appointed as a Non-Executive Director of the Company for an annual fee of £12,000, payable monthly in arrears. The appointment was for an initial six months and is then terminable on three months' notice on either side. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Ms Barrett is in material breach of the terms of appointment.

8.4 The following letters of appointment will come into effect with effect from Completion:

8.4.1 Christopher Adams will be appointed as a Non-Executive Director of the Company, conditional on Admission and commencing with effect from Admission. This appointment will be terminable by either party giving to the other 6 months' written notice and he is to be paid a director's fee of £12,000 per annum; and

8.4.2 Geoffrey Conway-Henderson will be appointed as a Non-Executive Director of the Company, conditional on Admission and commencing with effect from Admission. This appointment will be terminable by either party giving to the other 3 months' written notice and he is to be paid a director's fee of £12,000 per annum.

8.5 The aggregate remuneration paid and benefits in kind granted to the Directors for the period from incorporation of the Company to Admission, under the arrangements in force at the date of this document, amounts to £45,000. It is estimated that the aggregate remuneration payable to the Enlarged Board from the date of Admission to 31 December 2006 under arrangements in force at the date of this document will amount to approximately £32,000.

8.6 Other than in relation to the Company, the Directors and Proposed Directors hold or have held the following directorships and partnerships (which unless otherwise stated are incorporated or established in the UK) within the five years prior to the publication of this document:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
Graham Butt	<p>Apelcraig Limited, Isle of Man</p> <p>Beckston Investments Limited, Isle of Man</p> <p>Boltane Limited, Isle of Man</p> <p>Consulting Twenty Nine SL, Spain</p> <p>Corvus Capital Inc., British Virgin Islands</p> <p>Fulcrum Administration LLC, Dubai</p> <p>Futuras Limited, Dubai</p> <p>Gardino Holdings Limited, BVI</p> <p>Metal Source LLC, United States</p> <p>Raven Capital Inc., Cayman Islands</p> <p>Rodio Geotechnics (SA) Limited, Dubai</p> <p>Snowdon Properties Limited, Jersey</p> <p>Solora Limited, Isle of Man</p> <p>Solora Limited, Isle of Man</p> <p>Southdown Investments Limited, Dubai</p> <p>Spear Enterprises Limited, Isle of Man</p> <p>Swanson Limited, British Virgin Islands</p> <p>Tabamo Investments Limited, Isle of Man</p> <p>Upminster Property Limited, Dubai</p> <p>Upmost Property Limited, Dubai</p> <p>Venture Credit Limited, Dubai</p> <p>Wade Properties Limited, Dubai</p> <p>Wellto Properties Limited, Dubai</p>	<p>Durant Limited, Isle of Man</p> <p>Everdene Group Limited, Dubai</p> <p>Fedmet Limited, Guernsey</p> <p>Gramos Investment Holdings Limited</p> <p>Regent Administration Limited, Guernsey</p> <p>Sagem Company Limited, Guernsey</p> <p>Servenigma Limited</p>
Terrence Bartlett	None	None
Joanna Barrett	<p>Corvus Capital Inc., British Virgin Islands</p> <p>Gable Holdings Inc., Cayman Islands</p> <p>Raven Capital Inc, Cayman Islands</p>	None
Christopher Adams	None	<p>The Grange (Surrey) Limited</p> <p>Pathcove Limited</p>
Geoffrey Conway-Henderson	Corvus Capital Inc., BVI	Intercapital Brokers Limited

8.7 Save as disclosed in paragraph 8.8 below, no Director or Proposed Director has:

8.7.1 any unspent convictions in relation to indictable offences;

8.7.2 had a bankruptcy order made against him/her or entered into an individual voluntary arrangement;

8.7.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he/she was a director of that company or within the 12 months after he/she ceased to be a director of that company;

- 8.7.4 been publicly criticised by any statutory or regulatory authority, including recognised professional bodies;
- 8.7.5 been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such Director or Proposed Director was a partner at the time of or within the 12 months preceding such an event;
- 8.7.6 been subject to the receivership of any asset of such Director or Proposed Director or of a partnership of which the Director or Proposed Director was a partner at the time of or within 12 months preceding such event; or
- 8.7.7 been disqualified from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 8.8 Christopher Adams was a director of The Grange (Surrey) Limited and Pathcove Limited between January 2000 and September 2002, when both companies were dissolved. The companies had been established by Mr Adams as potential vehicles from which to trade but were no longer needed when Mr Adams entered his current employment and were consequently liquidated with no loss to any shareholder or creditor.
- 8.9 Save as disclosed in this document, no Director or Proposed Director has been interested directly or indirectly in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year or which remains outstanding or unperformed.
- 8.10 There are no outstanding loans granted by the Company to any of the Directors or Proposed Directors, or granted by any Director or Proposed Director to the Company, nor has any guarantee been provided by the Company for their benefit.

9. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material.

- 9.1 On 21 February 2005, the Company entered into a consultancy agreement with Kitwell Consultants Limited for the provision of the consultancy services of Michael Hirschfield in relation to the initial admission of the Company's shares to trading on AIM and the first transaction of the Company. Under the terms of the agreement, the Company paid a fee to Kitwell Consultants Limited of £7,500 and on completion by the Company of its first transaction the Company will pay a further fee of £12,500.
- 9.2 On 21 February 2005, the Company entered into a consultancy agreement with CVS Management Limited (a wholly-owned subsidiary of Corvus) for the provision of consultancy services in relation to the initial admission of the Company's shares to trading on AIM and the Company's investment strategy. Under the terms of the agreement, the Company paid a fee to CVS Management Limited of £15,000 and pays a monthly ongoing fee of £5,000.
- 9.3 On 21 February 2005, the Company entered into an engagement letter with Kitwell Consultants Limited in relation to Kitwell Consultants Limited carrying out company secretarial and administrative services for the Company. Under the terms of the letter, the Company agreed to pay a monthly fee to Kitwell Consultants Limited of £1,500.
- 9.4 The Strand Warrant, the principal terms of which are as follows:
- 9.4.1 the subscription rights were subject to admission of the Company's shares to trading on AIM occurring before 31 March 2005;
- 9.4.2 Strand Partners will be entitled to subscribe at a price of 10p per share for such number of new Ordinary Shares as are equivalent (on a fully-diluted basis) to one per cent. of the issued ordinary share capital of the Company at the time of exercise;

9.4.3 the warrant may be exercised at any time during the period of five years from 8 March 2005 (being the date of original admission of the Company's shares to trading on AIM);

9.4.4 Ordinary Shares issued on the exercise of the Strand Warrant will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date, and otherwise equally in all respects with the Ordinary Shares in issue on the date of such exercise;

9.4.5 the number of Ordinary Shares issued on exercise of the Strand Warrant and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital; and

9.4.6 if a takeover offer is made to all holders of Ordinary Shares, the Company will use its reasonable endeavours to ensure a comparable offer is made to Strand Partners.

Strand Partners do not, so far as the Directors and Proposed Directors are aware, intend to exercise the Strand Warrant in connection with the implementation of the Proposals.

9.5 On 21 February 2005, the Company, Corvus and Strand Partners entered into a controlling shareholder deed where Corvus undertook that for so long as it retains a Controlling Interest (as such term is defined in that agreement), it will not exercise its voting powers so as to derogate from the independence of the board of the Company; that any director appointed by it or who is on the board of both the Company and Corvus (or if Corvus becomes a director) will not vote on any matter involving any actual potential conflict between Corvus and the Company; and Corvus will ensure that any transactions with the Company are conducted at arm's length and on a normal basis.

9.6 On 21 February 2005, the Company and Walker Crips entered into a broker agreement. Under this Agreement, Walker Crips was to receive an annual retainer of £20,000 for ongoing broker services. On Completion, this broker agreement will be terminated.

9.7 Agreements dated 21 February 2005, in which each of the founder shareholders of the Company (apart from the Directors and Corvus) agreed that, for the period of one year from 8 March 2005, they would only dispose of their Ordinary Shares with the consent of the Company's broker from time to time.

9.8 By a letter dated 21 February 2005, the Company agreed to pay Penkenna Limited, a company incorporated in the British Virgin Islands, a commission of 5 per cent. of the gross proceeds of the placing at the time of the Company's original admission of its shares to trading on AIM which had been raised by Penkenna Limited. At the date of this document, Penkenna Limited, its directors and beneficial owner have no interest in the share capital of the Company. The Directors and Proposed Directors have no interests in the share capital of Penkenna Limited.

9.9 On 22 February 2005, the Company and Strand Partners entered into a nominated adviser agreement. Under this agreement Strand Partners receives an annual retainer of £25,000 for on-going nominated adviser services. Under this agreement, the Company has agreed to comply with its legal obligations and those of AIM and the London Stock Exchange, to consult and discuss with Strand Partners all of its announcements and statements, and to provide Strand Partners with any information which Strand Partners believes is necessary to enable it to carry out its obligations to the Company or the London Stock Exchange as nominated adviser.

9.10 On 22 February 2005, an introduction agreement was entered into between the Company, the Directors and Strand Partners, pursuant to which, coupled with the nominated adviser agreement summarised in paragraph 9.9 above, Strand Partners was appointed as nominated adviser to the Company. Strand Partners received a fee of £40,000 of which £20,000 was satisfied in cash and the remainder by the issue of Ordinary Shares at 5 pence per Ordinary Share, and in addition was also issued the Strand Warrant in part consideration of its services.

The introduction agreement contains certain warranties and an indemnity from the Company and the Directors in favour of Strand Partners.

- 9.11 On 22 February 2005, the Company, the Directors and Walker Crips entered into a placing agreement under which Walker Crips agreed to act as the Company's placing agent and to use all its reasonable endeavours to procure subscribers for Ordinary Shares at 5p per Ordinary Share. The placing agreement provided for Walker Crips to receive a commission of £25,000. The placing agreement contained certain warranties and an indemnity by the Company and the Directors in favour of Walker Crips.
- 9.12 On 22 February 2005, the Company entered into an agreement with Capita IRG Trustees Limited in relation to the creation and issue of Depositary Interests in the Company. Full details of this agreement are set out in paragraph 16.2 of this Part V.
- 9.13 On 28 June 2005, the Company entered into heads of terms ("Heads of Terms") with the parent company of the Brokerage relating to the negotiation of the acquisition by the Company of the entire issued share capital of the Brokerage. These Heads of Terms were expressed not to be legally binding save for certain provisions, the most significant of which are:
- (a) neither party will, for the period of one year from the date of the Heads of Terms, without the consent of the other party, disclose to any other person (other than to their directors, employees, agents or professional advisers) any information concerning the business or affairs of the other (which includes holding companies and subsidiaries as such terms are defined in the Act) or the subject matter of the Heads of Terms, except in connection with any information which is properly in the public domain or required to be disclosed by law, or by any requirement of any governmental, official, or regulatory body;
 - (b) each party will bear its own costs in connection with the Heads of Terms;
 - (c) the parent company of the Brokerage granted to the Company a period of exclusivity concerning the negotiation and sale of the Brokerage, or any part of it, for the period from the date of the Heads of Terms until 30 September 2005, and agreed not to enter into or continue any discussions with any other person relating to the sale of the Brokerage or any part of its business, share capital or assets;
 - (d) the parent company of the Brokerage represents and warrants that all discussions of the type set out in paragraph (c) with other persons had been terminated and that it had not entered into any arrangement or agreement as a result of such discussions;
 - (e) if the acquisition of the Brokerage had not completed by 31 October 2005 for any reason attributable to the Company, other than for any reason arising out of due diligence by or on behalf of the Company, the Company would pay the parent company of the Brokerage £100,000 in respect of professional costs and fees incurred;
 - (f) the Company undertakes that, until 31 October 2006, it will not hire any director, officer, employee, contractor or agent, employed, engaged or contracted by the Brokerage, save for any directors, officers or agents employed, engaged or contracted by the Brokerage in respect of the Tambelan Agreement or the services provided under it; and
 - (g) the Heads of Terms are to be governed by English law.
- 9.14 On 26 July 2005, the Company and W.H. Ireland entered into a broker agreement. Under this agreement, W.H. Ireland will receive with effect from Admission an annual retainer of £25,000 for on-going broker services (payable for a minimum of six months). The broker agreement is terminable by either party on 6 months' notice. Under the terms of the broker agreement, the Company has given a customary indemnity to W.H. Ireland in connection with services performed under the broker agreement.
- 9.15 On 29 July 2005, the Company, its directors and Strand Partners entered into a further engagement letter in relation to the implementation of the Proposals. The terms of the letter provide for a fee of £250,000 to be payable to Strand Partners on completion of the Proposals, together with its costs and expenses. The letter may be terminated by either party by written notice to the other. The letter contains a customary indemnity from the Company in favour of Strand Partners in relation to services performed

under the letter. An addendum to this letter dated 30 March 2006 amended the payment terms for Strand Partners' services to reflect the terms set out in paragraph 9.17 below.

9.16 On 16 January 2006 the Company was granted an option by Tambelan to acquire the Tambelan Interest. The Option does not need to be exercised in writing and is exercisable at the sole discretion of the Company. Upon its exercise the consideration to be paid by the Company for the acquisition of the Tambelan Interest is to be satisfied as to a combination of cash and shares. The consideration will be determined following finalisation of Tambelan's trading results for the financial year ended 31 December 2005. The grant of the Option was not in writing and nor will its exercise be.

9.17 On 5 April 2006, the Company, the Directors, the Proposed Directors, Graham Porter, Strand Partners and W.H. Ireland entered into the Placing Agreement under which W.H. Ireland agreed to act as the Company's placing agent and to use its reasonable endeavours to procure subscribers for the Placing Shares at 12.5 pence per share.

The Placing Agreement provides for W.H. Ireland to be paid a fee of £240,000, and for Strand Partners to be paid a fee of £300,000 in cash and in part payment of its fee to be issued with 800,000 Ordinary Shares on successful completion of the Proposals. If the Proposals are not implemented, none of the £300,000 fee will be payable and nor will the shares be issued to Strand Partners, and £20,000 of the £240,000 fee which has already been paid to W.H. Ireland shall be retained by W.H. Ireland but no further part of the fee shall be paid to W.H. Ireland. W.H. Ireland is also entitled to a commission of 5 per cent. of the amount raised in the Placing which has been procured by W.H. Ireland. The Company has agreed to pay all other costs and expenses relating to the Placing and the application for Admission.

The Placing Agreement is conditional upon, *inter alia*, the Lock-In Agreement described in paragraph 9.18 below being entered into, the passing of the Resolutions at the EGM, none of the warranties contained in the Placing Agreement or the Acquisition Agreement having become untrue in any material respects, and the Acquisition Agreement having become unconditional.

The Placing Agreement contains certain warranties and indemnities by the Company, the Directors and the Proposed Directors in favour of W.H. Ireland and Strand Partners. It also contains provisions entitling W.H. Ireland and Strand Partners to terminate the agreement prior to the completion of the Placing in the event of, amongst other things, a breach of any of the warranties or on the occurrence of an event fundamentally and adversely affecting the position of the Enlarged Group.

9.18 On 5 April 2006, a lock-in and orderly market agreement (the "Lock-in Agreement") was entered into between the Directors (other than Terrence Bartlett), Geoffrey Conway-Henderson, Corvus, Kinetic Limited (a party related to Tambelan), Christopher Adams, Dean Carr and Christian Saunders (the "LME Team"), the Vendor, Alex Chapman, Access Capital Limited, Strand Partners, W.H. Ireland and the Company. Under the terms of the Lock-in Agreement:

9.18.1 each of the Directors (other than Terrence Bartlett), Geoffrey Conway-Henderson, the Vendor and Corvus (in respect of 25 per cent. of its holding of Ordinary Shares) have agreed with Strand Partners, W.H. Ireland and the Company not to dispose of any interest in the shares in the capital of the Company specified in the Lock-in Agreement for a period of 12 months from the date of Admission, and have also agreed that for a further period of 12 months from the expiry of that period that they will only sell their shares through W.H. Ireland or such other broker as may be appointed by the Company from time to time, and that they will not, without W.H. Ireland's consent, dispose of any interest in those same securities in the Company where the prevailing bid price is less than 12.5 pence per share at the date of the proposed disposal or where the prevailing bid price at the date of the proposed disposal is lower than the price for Ordinary Shares realised on any disposal by such Shareholder of Ordinary Shares within the previous 3 months;

9.18.2 each member of the LME Team has agreed with Strand Partners, W.H. Ireland and the Company not to dispose of any interest in any shares in the capital of the Company for a period of 24 months from the date of Admission; and

9.18.3 each of Corvus (in respect of 75 per cent. of its holding of Ordinary Shares), Kinetic Limited (a party related to Tambelan), Alex Chapman and Access Capital Limited, have agreed with Strand

Partners, W.H. Ireland and the Company, for a period of 24 months from Admission that they will only sell such shares in the capital of the Company specified in the Lock-in Agreement through W.H. Ireland or such other broker as may be appointed by the Company from time to time, and that they will not, without W.H. Ireland's consent, dispose of any interest in those same securities in the Company where the prevailing bid price is less than 12.5 pence per share at the date of the proposed disposal or where the prevailing bid price at the date of the proposed disposal is lower than the price for Ordinary Shares realised on any disposal by such Shareholder of Ordinary Shares within the previous 3 months.

The above restrictions are subject to certain exceptions, for instance the acceptance of a takeover offer or where W.H. Ireland has granted its consent. In addition, the members of the LME Trading Team are each entitled to sell shares to fund a liability to taxation.

9.19 On 5 April 2006, an acquisition agreement (the "Acquisition Agreement") was entered into between the Company, Tambelan and Graham Porter. Under the terms of the Acquisition Agreement:

- (a) the Company has agreed to acquire all of the rights and obligations of Tambelan under the Tambelan Agreement in exchange for cash consideration of £14,000,000 and the issue of 83,423,114 ordinary shares of 0.1 pence each in the Company to Tambelan;
- (b) there is provision for additional deferred consideration of 6,000,000 new Ordinary Shares of 0.1 pence each in the Company payable to Tambelan if the net profit before deduction of bonuses to the LME Trading Team under the Tambelan Agreement for the 12 month period following Admission is greater than £9,000,000;
- (c) the Acquisition Agreement is conditional upon the Placing Agreement becoming unconditional in accordance with its terms;
- (d) Tambelan and Graham Porter are subject to non-compete and non-solicitation covenants for a period of 3 years;
- (e) Tambelan gives certain warranties in favour of the Company relating to the Tambelan Interest, including warranties relating to its authority to enter into the Acquisition Agreement, that the Tambelan Agreement is binding and enforceable in accordance with its terms, that there has been no termination or breach of the Tambelan Agreement and that there is no pending litigation in connection with the Tambelan Interest;
- (f) Graham Porter guarantees Tambelan's obligations under the Acquisition Agreement; and
- (g) there are certain limitations on Tambelan's liability under the warranties, in particular a cap on liability of £14,000,000.

9.20 On 5 April 2006, the Company entered into a letter agreement with each of the LME Team (as defined in paragraph 9.18 above) pursuant to which, in the event that the Brokerage terminates the Tambelan Agreement, each member of the LME Team agreed, upon receipt by him of a written request from the Company, at any time up until 30 April 2008, to:

- (a) serve notice upon the Brokerage to terminate his employment with the Brokerage; and
- (b) accept the written offer of employment that will accompany the Company's request, providing that the offer of employment is from a company with relevant resources that would allow the relevant member of the LME Team to trade on the LME, and provides for remuneration and benefits that are not less than those to which the relevant member of the LME Team is entitled and contains other key terms substantially similar to those in his current contract of employment with the Brokerage.

Any offer made to any member of the LME Team will be subject to that member not being in breach of his legal and fiduciary obligations to the Brokerage and to obtaining all necessary regulatory consents.

9.21 On or around 5 April 2006, the Company, the parent company of the Brokerage and the Brokerage entered into an agreement pursuant to which, with effect from Completion, amongst other things:

- (a) the Tambelan Agreement may be assigned to the Company;
- (b) the Tambelan Agreement will be amended so that either party can give 12 months' notice to terminate (but such notice can only be given on or following the anniversary of Completion);
- (c) the employment contracts between each of Christopher Adams, Dean Carr and Christian Saunders and the Brokerage will be amended such that either party will be required to give 12 months' notice to terminate the relevant employment contract;
- (d) the Company will pay the parent company of the Brokerage its fees in connection with the implementation of this agreement up to £150,000 excluding VAT;
- (e) the Company will issue the parent company of the Brokerage the Brokerage Shares;
- (f) the Company would agree to indemnify the Brokerage in respect of any tax incurred by the Brokerage in connection with the issue of the Bonus Shares to the LME Team (to the extent not met by the relevant member of the LME Team); and
- (g) the parties will seek to formalise the Tambelan Agreement in an amended and restated form by no later than 31 May 2006.

10. PREMISES

The Company does not own any freehold premises or lease any property. Its registered office is located at Walker House, Mary Street, PO Box 908GT George Town, Grand Cayman, Cayman Islands.

11. EMPLOYEES

The Company currently has no employees.

12. LITIGATION

The Company is not involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company and, so far as the Company is aware, no such proceedings are pending or threatened.

13. WORKING CAPITAL

It is the Directors' opinion, having made due and careful enquiry, that the working capital available to the Enlarged Group, taking into account the net proceeds of the Placing will be sufficient for its present requirements, that is for at least 12 months from Admission.

14. TAMBELAN AGREEMENT

The Tambelan Agreement was entered into on 15 January 2001 between the Brokerage and Tambelan and was updated on 8 February 2002 and again in January 2004. The Tambelan Agreement is effective as of 15 January 2001 and its principal terms are as follows:

- (a) Tambelan undertakes to compensate the Brokerage for all trading losses after direct costs, without limit, incurred as a result of trading LME contracts;
- (b) the Brokerage will employ the LME Trading Team, and authorises the LME Trading Team to trade instruments and investments on behalf of the Brokerage. Trading by the LME Trading Team is subject to FSA requirements, the rules of the LME and the Brokerage's internal rules;

- (c) the Brokerage will pay Tambelan 75 per cent. of:
 - (i) the amount calculated by the Brokerage as representing the net profit resulting from buying and selling contracts (which includes both open positions and realised positions) and shall be deemed to be the whole amount of such profit or loss whether or not the LME Trading Team were trading within limits set by the Brokerage; and
 - (ii) commission received from clients,less:
 - (i) direct personnel costs of the LME Trading Team, execution charges, credit facility charges and the cost of maintaining the required initial margin funding at cost; and
 - (ii) the total discretionary bonus payable by the Brokerage to the members of the LME Trading Team.
- (d) The Tambelan Agreement has an indefinite term but can be terminated by either party giving 3 months' notice to the other or by the Brokerage immediately upon the occurrence of an event of default (as described by the Tambelan Agreement).
- (e) There is no governing law or jurisdiction clause in the Tambelan Agreement.

15. GENERAL

- 15.1 Except for entering into the material contracts set out in paragraph 9 of this Part V, the Company has not traded or conducted business since its incorporation. Save as otherwise disclosed in this document, there has been no material or significant change in the trading or financial position of the Company since the date of its incorporation.
- 15.2 The expenses of the Placing are estimated to be £2.8 million and are payable by the Company. VAT is not payable by the Company. The net proceeds of the Placing will be approximately £15.2 million.
- 15.3 The Company's accounting reference date is 31 December.
- 15.4 Other than as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 15.5 Other than as disclosed in this document, there are no significant investments in progress by the Company.
- 15.6 Other than as disclosed in this document, no exceptional factors have influenced the Company's activities.
- 15.7 Except as stated in this document and for the advisers named on page 8 of this document and a cash bonus payable to Graham Butt of £175,000 on completion of the Proposals, no person has received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price or any other benefit with a value of £10,000 or more at the date of Admission.
- 15.8 Except as disclosed in this document, there has been no significant change in the financial or trading position of the Company since its incorporation.
- 15.9 Strand Partners has given and has not withdrawn its written consent to the issue of this document with references to its name in the form and context in which they appear.
- 15.10 W.H. Ireland has given and has not withdrawn its written consent to the issue of this document with references to its name in the form and context in which they appear.
- 15.11 Lee & Allen Consulting Limited has given and has not withdrawn its written consent to the issue of this document with references to its name in the form and context in which they appear.

- 15.12 The period within which Placing participations may be accepted pursuant to the Placing and the arrangements for paying for the Placing Shares are set out in the placing letters to Placees. All monies received from applicants will be held by W.H. Ireland prior to the issue of the shares. If any application is unsuccessful, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee as soon as reasonably practicable. Share certificates will, where relevant, be sent to successful applicants by first class post at the risk of the applicant within ten days of the completion of the Placing.
- 15.13 The financial information relating to the Company contained in this document does not comprise statutory accounts for the purposes of section 240 of the Act.
- 15.14 The Placing Price of 12.5 pence represents a premium of 12.4 pence above the nominal value of an Ordinary Share, which is 0.1pence.
- 15.15 It is expected that CREST accounts will be credited in respect of Depository Interests as applicable on the date of Admission. Where Placees have requested to receive their Ordinary Shares in certificated form, share certificates will be despatched by first-class post within 14 days of the date of Admission.
- 15.16 Save as disclosed in this document, there are no arrangements in existence under which future dividends are to be waived or agreed to be waived.

16. CREST

16.1 Introduction

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through CREST, a depository or custodian can hold the relevant securities and issue dematerialised depository interests ("DIs") representing the underlying securities, which are held on trust for the holders of the DIs.

Shareholders can hold and transfer interests in Ordinary Shares within CREST pursuant to a DI arrangement established by the Company. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will also be able to do so. No temporary documents of title will be issued.

The Ordinary Shares will not themselves be admitted to CREST. Instead, Capita Registrars (the "DI Registrar"), through its authorised and regulated associate company Capita IRG Trustees Limited, acting as depository (the "Depository"), will issue DIs in respect of the underlying Ordinary Shares. The DIs will be independent securities constituted under English law which may be held and transferred through CREST. DIs will have the same international security identification number (ISIN) as the underlying Ordinary Shares and will not require a separate listing on AIM. The DIs are created and issued pursuant to a deed poll (the "Deed Poll") entered into by the Depository on 22 February 2005, which will govern the relationship between the depository, and the holders of DIs.

Application will be made for the DIs in respect of the New Ordinary Shares to be admitted to CREST with effect from Admission.

Holders of Ordinary Shares in certificated form who wish to hold DIs through the CREST system may be able to do so and should contact Capita Registrars.

16.2 Summary of the Deed Poll

The DIs will be created pursuant to and issued on the terms of the Deed Poll. The Deed Poll is executed by the Depository, in favour of the holders of the DIs from time to time. Prospective holders of DIs should note that they will have no rights against CRESTCo or its subsidiaries in respect of the underlying Ordinary Shares or the DIs representing them. Ordinary Shares will be transferred to an

account of the Depository or its nominated custodian (the “Custodian”) and the Depository will issue DIs to participating members.

Each DI will be treated as one Ordinary Share for the purposes of determining, for example, eligibility for any dividends. The Depository will pass on to holders of DIs any stock or cash benefits received by it as holder of Ordinary Shares on trust for such DI holder. DI holders will also be able to receive from the Depository notices of meetings of holders of Ordinary Shares and other information to make choices and elections issued by the Company to the Shareholders.

In summary, the Deed Poll contains, amongst other things, provisions to the following effect:

- (a) the Depository will hold (itself or through the Custodian), as bare trustee, the underlying securities issued by the Company and all and any rights and other securities, property and cash attributable to the underlying securities for the time being held by the Depository or Custodian pertaining to the DIs for the benefit of the holders of the DIs. The Depository will re-allocate securities or distributions allocated to it or the Custodian *pro rata* to the Ordinary Shares held for the respective accounts of the holders of DIs but will not be required to account for fractional entitlements arising from such re-allocation;
- (b) holders of DIs warrant, amongst other things, that the securities in the Company transferred or issued to the Depository or Custodian for the account of the DI holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company’s articles of association or any contractual obligation, or applicable law or regulation binding or affecting such holder;
- (c) the Depository and any Custodian must pass on to DI holders, or exercise on their behalf, all rights and entitlements received by the Depository or the Custodian in respect of the underlying securities. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form which they are received, together with amendments and additional documentation necessary to effect such passing-on, or exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company’s securities requiring further payment, the holder must put the Depository or its appointed agent in cleared funds before the relevant payment date or other date notified by the Depository if it wishes the Depository to exercise such rights;
- (d) the Depository will be entitled to cancel DIs and treat the holders as having requested a withdrawal of the underlying securities in certain circumstances including where a DI holder fails to furnish to the Depository such certificates or representations as to material matters of fact, including his identity, as the Depository deems appropriate;
- (e) the Deed Poll contains provisions excluding and limiting the Depository’s liability. For example, the Depository shall not be liable to any DI holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depository shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent;
- (f) the Depository is entitled to charge holders of DIs reasonable fees and expenses for the provision of its services under the Deed Poll;
- (g) the holders of DIs are required to agree and acknowledge with the Depository that it is their responsibility to ensure that any transfer of DIs by them which is identified by the CREST system as exempt from stamp duty reserve tax is so exempt, and to notify the Depository if this is not the case, and to pay to CRESTCo any interest, charges or penalties arising from non-payment of stamp duty reserve tax in respect of such transaction;

- (h) the Depository is entitled to make deductions from any income or capital arising from the underlying securities, or to sell such underlying securities and make deductions from the sale proceeds therefrom, in order to discharge the indemnification obligations of DI holders;
- (i) the Depository may terminate the Deed Poll by giving 30 days' notice. During such notice period holders may cancel their DIs and withdraw their deposited property and, if any DIs remain outstanding after termination, the Depository must, among other things, deliver the deposited property in respect of the DIs to the relevant DI holders or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depository, together with any other cash held by it under the Deed Poll *pro rata* to holders of DIs in respect of their DIs; and
- (j) the Depository or the Custodian may require from any holder information as to the capacity in which DIs are or were owned and the identity of any other person with or previously having any interest in such DIs and the nature of such interest and evidence or declarations of nationality or residence of the legal or beneficial owners of DIs and such information as is required for the transfer of the relevant Ordinary Shares to the holders. Holders agree to provide such information requested and consent to the disclosure of such information by the Depository or Custodian to the extent necessary or desirable to comply with their legal or regulatory obligations. Furthermore, to the extent that the Company's articles of association require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of the Company's securities, the holders of DIs are to comply with the Company's instructions with respect thereto.

It should also be noted that holders of DIs may not have the opportunity to exercise all of the rights and entitlements available to holders of the Ordinary Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of DIs to give prompt instructions to the Depository to vote the underlying shares on their behalf.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (other than Saturdays and public holidays) at the offices of SJ Berwin LLP, 10 Queen Street Place, London EC4R 1BE and at the offices of Strand Partners Limited, 26 Mount Row, London W1K 3SQ, for the period of one month from the date of this document. The documents will also be available for inspection at the Extraordinary General Meeting:

- 17.1 the memorandum and articles of association of the Company;
- 17.2 the audited accounts of Commoditrade for the year ended 31 December 2005;
- 17.3 the irrevocable undertaking from Corvus referred to in Part I;
- 17.4 the Deed Poll referred to in paragraph 16.2 of this Part V;
- 17.5 the letters of appointment of the Directors and Proposed Directors referred to in paragraphs 8.3 and 8.4 of this Part V;
- 17.6 the material contracts referred to in paragraph 9 of this Part V and the Tambelan Agreement summarised in paragraph 14 of Part V of this document;
- 17.7 the written consents of Strand Partners, W.H. Ireland and Lee & Allen Consulting Limited referred to in paragraphs 15.9, 15.10 and 15.11 respectively of this Part V; and
- 17.8 this document dated 6 April 2006.

Dated: 6 April 2006

COMMODITRADE INC.
(the “Company”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be held at 30 Quai Gustave-Ador, 1207 Geneva, Switzerland at 11.00 a.m. (CET) on 24 April 2006 for the purpose of considering and, if thought fit, passing the following ordinary resolutions.

1. THAT the proposed acquisition (“the Acquisition”) by the Company of Tambelan’s interest in a profit sharing arrangement with a UK based company engaged in the brokerage of commodities and derivatives dated on or around January 2001 (as amended in January 2004), on the terms and subject to the conditions of the acquisition agreement (“the Acquisition Agreement”) described in the admission document sent to shareholders of the Company dated 6 April 2006 (“the Admission Document”) be and is hereby approved and that the board of directors of the Company (or a duly constituted committee of that board) be and is hereby authorised to waive, amend, vary or extend any of the terms and conditions of the Acquisition or the Acquisition Agreement (but not to any material extent) and do all such things as it may consider necessary or desirable in connection with the Acquisition.
2. THAT the directors of the Company be and are hereby authorised, specifically and unconditionally, to allot the New Ordinary Shares (as such term is defined in the Admission Document) up to an aggregate nominal amount of £268,073.11 and, in addition, ordinary shares of 0.1 pence in the capital of the Company up to an aggregate nominal amount of £55,690.97 (being equal to 15 per cent. of the then issued ordinary share capital of the Company).
3. THAT the provisions of Articles 17(a) and (b) of the Company’s Articles of Association shall not apply to any allotment of ordinary shares referred to in Resolution 2 above.

6 April 2006

Registered Office:

Walkers SPV Limited
Walker House
Mary Street
PO Box 903GT George Town
Grand Cayman, Cayman Islands

By Order of the Board:

Notes:

- 1 A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. The proxy need not be a member of the Company.
- 2 To be valid a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting or adjourned meeting. A form of proxy is enclosed with this notice.
- 3 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- 4 In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
- 5 The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 11.00 a.m. (CET) on 22 April 2006 shall be entitled to attend and vote, whether in person or by proxy, at the Extraordinary General Meeting, in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after 11.00 a.m. (CET) on 22 April 2006 shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting. If the Extraordinary General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company 48 hours before the time of the adjourned meeting.
- 6 Completion and return of the form of proxy and form of direction will not preclude members from attending or voting in person at the meeting if they so wish.