

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**It contains the Resolutions to be voted on at an Extraordinary General Meeting of the Company to be held at 2.00 p.m. on 8 August 2007. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000.**

Copies of this document will be available free of charge, for a period of one month from the date of this document, at the Company's registered office, the address of which is set out on page 5, during normal business hours (Saturdays, Sundays and public holidays excepted).

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the 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.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Ordinary Shares and for all dividends or other distributions declared, made or paid after Admission.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefore. This document does not constitute an offer to the public of transferable securities and so is not subject to the requirements of, or any legislation that implements, the Prospectus Directive. This document provides information about the Placing but does not invite any person to participate therein. Collins Stewart Europe Limited has already separately contacted the investors who may participate in the Placing and does not solicit or accept any further subscriptions.

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## **AVARAE GLOBAL COINS PLC**

*(Incorporated and registered in the Isle of Man with number 115498C)*

*Ground Floor, East Suite, Exchange House, 54-58 Athol Street, Douglas, Isle of Man, IM1 1JD*

### **Proposed placing of 48,000,000 Ordinary Shares**

**at 12.5 pence per share by**

**Collins Stewart Europe Limited**

*Nominated adviser and broker*

### **Notice of Extraordinary General Meeting**

**and**

### **Audited results for the financial period ended 31 March 2007**

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**Your attention is drawn to the letter from the Directors of the Company which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.**

Notice of an Extraordinary General Meeting of Avarae Global Coins plc, to be held at 2.00 p.m. on 8 August 2007 at the offices of Dickinson Cruickshank, 33 Athol Street, Douglas, Isle of Man IM1 1LB, is set out at the end of this document. The accompanying Form of Proxy for use in connection with the Extraordinary General Meeting should be completed and returned as soon as possible in accordance with the instructions on it and, in any event, so as to reach the Company's registered office, Ground Floor, East Suite, Exchange House, 54-58 Athol Street, Douglas, Isle of Man IM1 1JD by 2.00 p.m. on 6 August 2007. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Collins Stewart Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in relation to the Placing and Admission and is not acting for any other persons in relation to the Placing and Admission. Collins Stewart Europe Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Collins Stewart Europe Limited, or for providing advice in relation to the contents of this document or any matter referred to in it. The responsibilities of Collins Stewart Europe Limited as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire shares in the Company in reliance on any part of this document, or otherwise. Collins Stewart Europe Limited is not making any representation or warranty, express or implied, as to the contents of this document. Collins Stewart Europe Limited will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company.

The distribution of this document and/or the accompanying Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document has not been registered or filed with any governmental or other authority in the Isle of Man and this document and the Placing have not been approved or otherwise commented upon by the Isle of Man Financial Supervision Commission or any other governmental or regulatory authority in the Isle of Man. This document may only be issued by or on behalf of the Company, or by or on behalf of any person who has been engaged or interested in the formation of the Company, to persons falling within the ambit of the Isle of Man Companies (Private Placing) (Prospectus Exemptions) Regulations 2000, including (among others) persons whose ordinary activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent) for the purposes of their businesses.

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## EXPECTED TIMETABLE OF EVENTS

*2007*

Latest time and date for receipt of Forms of Proxy	2.00 p.m. on 6 August
Extraordinary General Meeting	2.00 p.m. on 8 August
Admission and dealings in the Placing Shares expected to commence on AIM	8.00 a.m. on 9 August
Delivery in CREST of Placing Shares to be held in uncertificated form	9 August
Despatch of definitive share certificates for Placing Shares to be held in certificated form	23 August

*Note:*

Each of the times and dates above are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service

## PLACING STATISTICS

Placing Price	12.5 pence
Number of Existing Shares	62,133,334
Number of Placing Shares being placed on behalf of the Company <sup>(2)</sup>	48,000,000
Estimated proceeds receivable by the Company, net of expenses <sup>(1) (2)</sup>	£5.64 million
Number of Ordinary Shares in issue following Admission <sup>(2)</sup>	110,133,334
Placing Shares as a percentage of the Enlarged Share Capital <sup>(2)</sup>	44 per cent.
Market capitalisation of the Company immediately following the Placing at the Placing Price <sup>(2)</sup>	£13.8 million

*Notes:*

(1) Net proceeds are stated after the deduction of estimated total expenses of approximately £365,000

(2) Assuming full subscription of the Placing Shares

## DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy, unless the context requires otherwise:

“Acts”	the Isle of Man Companies Acts 1931 to 2004
“Admission”	admission of the Placing Shares to AIM becoming effective in accordance with the AIM Rules for Companies
“Advisory Panel”	the advisory panel constituting David Pinckney and Sir John Wheeler, who act as independent consultants to the Company
“AIM”	a market of the London Stock Exchange
“AIM Rules for Companies”	the rules of the London Stock Exchange which govern the admission to trading on and operation of AIM
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers issued by the London Stock Exchange
“Avarae” or “the Company”	Avarae Global Coins plc
“Board” or “Directors”	the board of directors of Avarae, namely Brian Hatton, Neil Orders, Robert Eijkelhof and Matthew Wood
“certificated form” or “in certificated form”	an Ordinary Share recorded on the Company’s share register as being held in certificated form (namely, not in CREST)
“Collins Stewart”	Collins Stewart Europe Limited, the Company’s nominated adviser, broker and placing agent
“CREST”	the relevant system (as defined in the Isle of Man Uncertificated Securities Regulations 2005) in respect of which Euroclear is the operator (as defined in those regulations)
“Enlarged Share Capital”	the Existing Shares and the Placing Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Shares”	the 62,133,334 Ordinary Shares in issue prior to the Placing
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 2.00 p.m. on 8 August 2007 (or any adjournment thereof) notice of which is set out at the end of this document
“Form of Proxy”	the accompanying form of proxy for use by Shareholders in relation to the EGM
“FSA” or “Financial Services Authority”	The UK Financial Services Authority
“Hillberry Trust”	Hillberry Trust Company Limited, a company registered in the Isle of Man with registered number 001009V
“London Stock Exchange”	London Stock Exchange plc
“Noble”	Noble Investments (UK) plc, which, acting as an independent adviser, provides Avarae with specialist advice regarding investments in the coin collecting sector
“Notice of EGM”	the notice of EGM, set out at the end of this document

“Ordinary Shares”	ordinary shares in the capital of Avarae having a nominal value of 1 pence each
“Placing”	the proposed placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 13 July 2007 made between (1) the Company and (2) Collins Stewart pursuant to which the Placing Shares will be conditionally placed at the Placing Price
“Placing Price”	12.5 pence per Placing Share
“Placing Shares”	48,000,000 new Ordinary Shares which are to be conditionally placed for cash in accordance with the terms of the Placing Agreement and whose allotment and issue is conditional, <i>inter alia</i> , on the approval of Shareholders at the EGM
“Resolutions”	the resolutions set out in the Notice of EGM
“Shareholders”	holders of Ordinary Shares
“uncertificated” or “in uncertificated form”	an Ordinary Share recorded on the Company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the Isle of Man Uncertificated Securities Regulations 2005, may be transferred by means of CREST
“UK” or “United Kingdom”	The United Kingdom of Great Britain and Northern Ireland

## PART I

### LETTER FROM THE DIRECTORS OF AVARAE GLOBAL COINS PLC

(Incorporated and registered in the Isle of Man with number 115498C)

*Directors:*

Brian Geoffrey Hatton, *Executive Director*  
Neil Christopher Orders, *Executive Director*  
Robert Albertus Franciscus Eijkelhof, *Non-Executive Director*  
Matthew Wood ACA, *Non-Executive Director*

*Registered Office:*

Ground Floor, East Suite  
Exchange House  
54-58 Athol Street  
Douglas, Isle of Man  
IM1 1JD

13 July 2007

*To the holders of Ordinary Shares (“Shareholders”)*

Dear Shareholder

**Placing of 48,000,000 new Ordinary Shares at 12.5 pence per share, audited results for the financial period ended 31 March 2007 and Notice of Extraordinary General Meeting**

**Appointment of Collins Stewart as nominated adviser and broker**

#### **1. Introduction**

The Board announced today that Avarae Global Coins plc intends, upon the satisfaction of certain conditions, to raise £6 million before expenses (approximately £5.6 million after expenses) by way of a placing of 48,000,000 new Ordinary Shares with institutional and other investors. The Board also announced today that it has appointed Collins Stewart as nominated adviser and broker to the Company. It is intended that the net proceeds from the Placing will be used to continue to fund the Company’s investments in rare coins and coin collections.

The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders to increase its authorised share capital, grant authority to the Board to allot the Placing Shares and to dis-apply pre-emption rights which would otherwise apply to the allotment of the Placing Shares. The Placing is also conditional on Admission.

**The purpose of this document is to explain the background to and reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the EGM, notice of which is set out at the end of this document.**

#### **2. Background**

*Information on Avarae*

Avarae is a strategic investment company, whose strategy is to achieve long-term capital growth for its Shareholders through the purchase of rare and antique coins and coin collections from around the world. Avarae is the UK’s only publicly traded specialist investment company dedicated to investing in rare and high quality coins.

Avarae is currently building up a portfolio of coins that it intends to hold for the medium to long term (i.e. more than one year), primarily in order to achieve long term capital growth for its Shareholders, and also for shorter periods, in order to take advantage of short term trading opportunities, as the market for rare coins continues to grow.

Avarae was admitted to trading on AIM on 24 May 2006, having raised approximately £5.4 million, before expenses. Further funds of £1.1 million were raised via a secondary placing of new Ordinary Shares in June 2006 with a major institutional investor.

#### *Advisory relationships*

Avarae is advised by Noble, which acts as an independent and experienced numismatic adviser, providing Avarae with the necessary experience and specialist advice regarding investments in the coin collection sector. Noble is a leading UK coin dealer, with approximately 6,000 clients and an international reach. Noble arranges for the coins acquired by the Company to be held in secure locations in the Greater London area and for those coins to be suitably insured.

In order to ensure that the Board has the necessary wide ranging experience, but bearing in mind the desire to keep the Company's cost base as low as possible, the Board has created an Advisory Panel of experts who provide their views on specific issues raised by the Board; in particular, the Board seeks the Advisory Panel's views on coin investment proposals. The Advisory Panel consists of Sir John Wheeler, who has 40 years of coin collecting experience and is the joint author of "British Colonial and Commonwealth coins", and David Pinckney, a chartered accountant with investment fund experience. Neither Sir John Wheeler nor David Pinckney currently hold Ordinary Shares, however, Sir John Wheeler will be subscribing for 80,000 Placing Shares at the Placing Price.

The Company is incorporated in the Isle of Man and has engaged the services of Hillberry Trust to provide administrative support to the Directors and to assist in the day-to-day management of the Company.

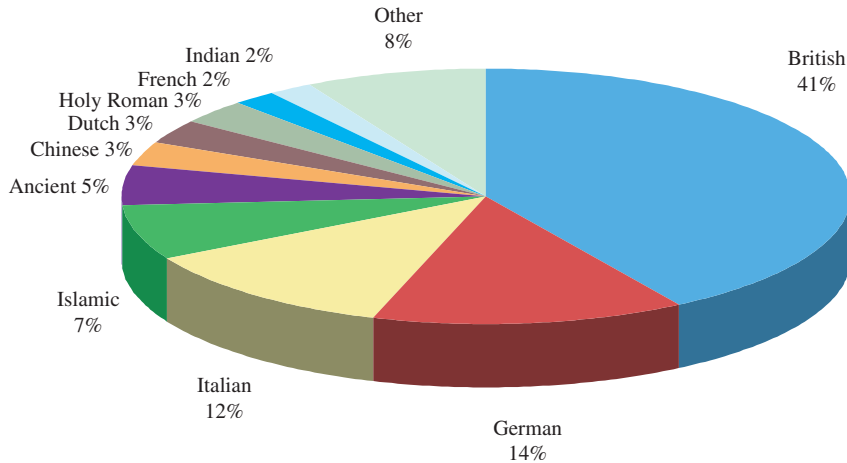
#### *Investments to date*

Avarae made its first purchase of rare coins just over a week following its admission to trading on AIM, and as at 31 May 2007, the Company had acquired almost 1,000 coins, investing approximately £4.9 million in aggregate. This equates to approximately three quarters of the current funds that the Company has for investment purposes. Coins or notable collections purchased include:

- An important collection of English hammered and milled gold and silver and bronze coins including 17 English gold five guinea pieces struck during the reigns of Charles II, James II, William & Mary, William III, Anne, George I, II and III;
- A 1933 English Pattern Penny, thought to be one of only four in the world;
- The 1344 Edward III Gold Double Florin or "Double Leopard", one of only three known specimens and the only one understood to be in private hands;
- A complete collection of 236 German gold, silver and bronze coins, minted under German rulers over a period of 2,000 years which, because of their exceptional quality, are very rare;
- A collection of extremely rare multiple Talers issued in Transylvania, Switzerland, the Netherlands, France, Germany and The Holy Roman Empire between the 16th and 18th century;
- A collection of rare Islamic and Indian gold and silver coins covering approximately 500 years;
- A collection of high quality Chinese gold and silver coinage from the 19th and 20th centuries; and
- A collection of South American gold and silver coinage from the 18th to 20th century.

Although Avarae is building a valuable collection of English coins, the Company is also interested in rare coins from emerging countries such as China or India, and as at 31 May 2007, had acquired coins originating from more than 40 countries, as detailed below.

### % Split of Portfolio as at 31 May 2007



Avarae's current intention is to hold the significant majority of its current portfolio for the foreseeable future. However, Avarae will make disposals of coins or coin collections to take advantage of short term opportunities if, after considering advice from the Advisory Panel, it believes that those disposals are in the best interests of the Company and its Shareholders.

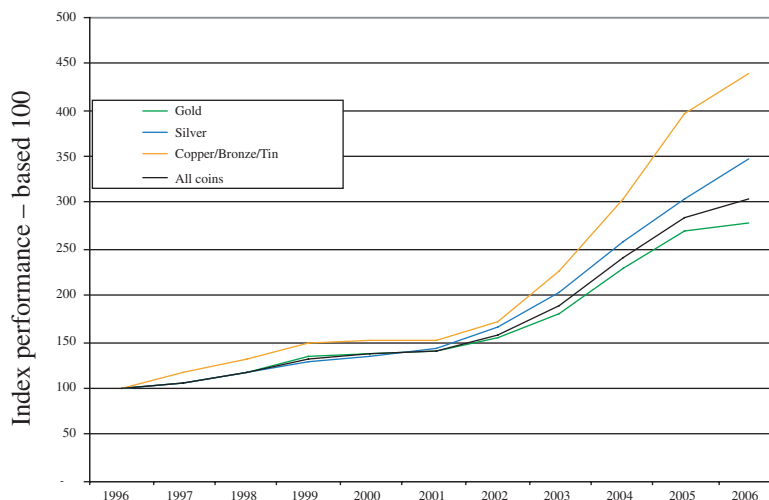
Avarae is currently focussed on its investment phase and thus to date has only made minor realisations, as it seeks to rebalance its portfolio by selling duplicated or unwanted coins, although, where it has sold investments, it has made a return on its investments of 15 per cent. (before associated costs).

#### *Information on the coin-dealing sector*

The market for trading coins is international in nature and significant in size, worth several billion pounds. As an alternative investment class to equities and property, an investment in coins can provide another form of diversification for investors, particularly in periods of high capital market volatility and comparatively low property yields.

The market for rare and antique coins experiences restricted supply, given the relatively few new discoveries and the reduction in the number of coins, as coins are lost or acquired by institutional collections or museums.

Although at an early stage, the UK market is developing quickly. The Directors believe that there is growing interest in the coin sector from investment professionals, including banks, independent financial advisers and high net worth individuals. Typical returns on English coins since 1996 are shown below.



Source: Spink, using a sample of 50 English coins (1996 based to 100)

Avarae and Noble have seen increasing demand in the sector with the number of lots and prices paid in UK auctions increasing over the last few years. The amount of coins, commemorative medals and banknotes sold at auction in London has increased from c. £7 million in 2002 to c. £16 million in 2006, according to the Antique Trade Gazette league table.

The coin-collecting sector is fragmented and includes a significant number of private and professional collectors as well as investors, dealers and auction houses. The Directors consider that the fragmented market provides opportunities for the Company to establish a valuable collection of coins, with the added possibility of acquiring entire collections from well-known numismatists within the sector.

The Directors also believe that the associated media coverage regarding coins has increased the public awareness of coins as a separate investment class potentially bolstering interest in this sector.

#### *Summary of Avarae financial performance*

The following table has been extracted, without material adjustment, from the audited results of the Company for the financial period ended 31 March 2007, as set out in full in Part II of this document.

	<i>Audited period</i> <i>From 6 February 2006 to</i> <i>31 March 2007</i> <i>£000</i> <i>(or otherwise indicated)</i>
Turnover	79
Gross profit	9
Administrative expenses	(218)
Interest received	139
Loss on ordinary activities	(70)
Net assets	5,876
NAV (per share)	9.46p

The summary results set out above represent approximately 10 months of trading for the Company, following its incorporation on 6 February 2006 and admission to AIM at the end of May 2006. Over the period reported, the Company made purchases of approximately 1,000 coins, investing more than £4.1 million by 31 March 2007. The Company is still very much in its initial investment phase although it did make opportunistic sales of two coins purchased within collections, netting an immediate 15 per cent. return (before associated costs).

For the financial period ended 31 March 2007, the Directors took the important decision not to revalue the coin portfolio at 31 March 2007. This was due to the fact that the majority of the coins within the portfolio had been acquired for less than 9 months, and some for less than one month. Consequently, although the Directors are confident that the coins and collections within the portfolio have increased in value since they were purchased, it was deemed too early to revalue the entire portfolio and the Directors did not want to revalue coins on a piecemeal basis.

#### *Ongoing Strategy*

The Company will seek to achieve capital appreciation from longer-term investments (which will usually be held for a time period of more than one year) and to take advantage of shorter-term trading opportunities (i.e. investments sold potentially only days after having been purchased) if, after considering advice from the Advisory Panel, the Company believes that those disposals are in the best interests of the Company and its Shareholders. Investments by the Company may take the form of the purchase of individual coins or the purchase of portfolios of coins. The value of each investment is expected to range from a few hundred pounds up to £1,500,000.

### **3. Current Trading and Prospects**

As at 31 May 2007, Avarae had a coin inventory (valued at cost) of approximately £4.9 million and net cash balances of approximately £1.4 million, following additional investments since the financial year-end.

While the Company is currently in its investment phase, it expects further sales to be limited. However, Avarae is targeting more sizeable realisations early in 2008.

### **4. Use of proceeds of the Placing**

The Company intends to use the net proceeds of the Placing, being approximately £5.6 million, to fund the Company's further investments in rare coins. With the additional funds raised through the proposed Placing, the Company will be able to expand the size of the fund without significantly increasing its cost base. The Directors believe that the increased size of the fund will also enable the Company to purchase a larger range of assets, including larger collections, international collections and more valuable coins. The Directors believe that there are sufficient opportunities available to enable Avarae to invest all the proceeds from the Placing in the short to medium term.

### **5. Details of the Placing**

The Company proposes to raise approximately £5.6 million (net of expenses) through the issue of the Placing Shares at the Placing Price by way of a placing to institutional and other investors. The Placing Price represents a discount of approximately 2 per cent. to the closing middle market price of 12.75 pence on 12 July 2007, being the last practicable date prior to this document. The Placing Shares will represent 44 per cent. of the Enlarged Share Capital.

The Placing Shares will rank *pari passu* with the existing Ordinary Shares and will rank in full for any dividends and distributions paid or made in respect of the Ordinary Shares after the date of Admission. It is expected that definitive evidence of title to the Placing Shares will be delivered under CREST on the date of their Admission where delivery is requested in uncertificated form, or by first class post not later than 14 days after such date where delivery is requested in certificated form. No temporary documents of title will be issued.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission of the Placing Shares will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 9 August 2007.

#### ***The Placing Agreement***

By an agreement dated 13 July 2007 between (1) the Company and (2) Collins Stewart, Collins Stewart has conditionally agreed to use reasonable endeavours to place the Placing Shares with institutional and other investors at the Placing Price. The Company has given certain standard representations, warranties, undertakings and indemnities in favour of Collins Stewart. The Placing is conditional, *inter alia*, upon Admission and the Resolutions being passed at the EGM.

### **6. Majority Shareholders**

The Company is not aware of any interest (within the meaning of article 20.5 of its Articles of Association) in the Company's share capital which amounts, or would immediately following the Placing amount, to three per cent. or more of the Company's issued ordinary share capital other than the following:

	<i>Prior to the Placing</i>		<i>Following the Placing</i>	
	<i>Ordinary</i>	<i>Percentage</i>	<i>Ordinary</i>	<i>Percentage</i>
	<i>Shares</i>	<i>of current</i>	<i>Shares</i>	<i>of Enlarged</i>
		<i>issued</i>		<i>Share Capital</i>
		<i>share capital</i>		
Elsina Limited	–	–	24,000,000	21.8
Equity Special Situations Limited	15,200,000	24.5	16,050,000	14.6
Blackrock, Inc.	8,800,000	14.2	14,000,000	12.7
Pershing Keen Nominees Limited	8,533,334	13.7	8,533,334	7.8
Gryphon Bond Fund Limited	4,800,000	7.7	4,800,000	4.4
Allianz Insurance plc	–	–	4,400,000	4.0
Jupiter Asset Management Limited	–	–	4,000,000	3.6
Westminster Asset Management Limited	3,906,668	6.3	3,906,668	3.5

In addition, Sir John Wheeler, a member of the Advisory Panel, will be subscribing for 80,000 Placing Shares in the Placing and will hold 80,000 Ordinary Shares following the Placing.

Noble will also subscribe for 2,000,000 Placing Shares in the Placing, and will hold 2,000,000 Ordinary Shares following the Placing.

## **7. Extraordinary General Meeting**

You will find at the end of this document a Notice of the EGM, to be held at 2.00 p.m. on 8 August 2007 at the offices of Dickinson Cruickshank, 33 Athol Street, Douglas, Isle of Man IM1 1LB at which Resolutions will be proposed to:

1. (a) increase the authorised share capital of the Company from £1,000,000 to £2,000,000;
- (b) authorise the Directors to allot up to 137,866,666 Ordinary Shares with a maximum nominal value of £1,378,666 being equal to the authorised unissued share capital of the Company following the passing of this resolution; and
- (c) dis-apply the pre-emption rights set out in the Company's Articles of Association in respect of:
  - (i) the allotment of Ordinary Shares pursuant to a rights issue or other pre-emptive offer;
  - (ii) the allotment of the Placing Shares; and
  - (iii) the allotment for cash (other than under (i) or (ii) above) of Ordinary Shares with a nominal value of up to a maximum of £275,333, representing approximately 25 per cent. of the Enlarged Share Capital.
2. THAT the Company be authorised to make market purchases up to a maximum aggregate nominal value of £110,133 being 10 per cent. of the enlarged issued share capital of the Company following the placing or in the case where the first resolution above is not passed, up to a maximum aggregate nominal value of £62,000 being 10 per cent. of the issued share capital of the Company.
3. In the event that resolution one above is not passed, an ordinary resolution to authorise the Directors to allot Ordinary Shares with a maximum nominal value of £378,666 being the aggregate nominal amount of the authorised but unissued ordinary share capital of the Company.
4. In the event that resolution one is not passed, an ordinary resolution to authorise the Directors to allot equity securities for cash as if the pre-emption rights do not apply but limited to allotments:
  - (i) in relation to rights issues or other similar offers;
  - (ii) of ordinary shares (other than pursuant to 4(i) above) up to a maximum aggregate nominal amount of £155,000 representing approximately 25 per cent. of the issued share capital of the Company.

**8. Action to be taken**

You will find enclosed a Form of Proxy for use in relation to the EGM. Whether or not you intend to be present in person at the EGM, you are requested to complete, sign and return the Form of Proxy by post or by hand to the Company's registered office, Ground Floor, East Suite, Exchange House, 54-58 Athol Street, Douglas, Isle of Man IM1 1JD as soon as possible but in any event so as to arrive by not later than 2.00 p.m. on 6 August 2007. Completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person should you so wish.

**9. Recommendation**

The Directors consider that the Placing and the capacity to make market purchases are in the best interests of the Company and its Shareholders as a whole. Consequently, the Directors unanimously recommend that you vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully

Brian Hatton  
Neil Orders  
Robert Eijkelhof  
Matthew Wood

## **PART II**

### **AUDITED RESULTS FOR THE FINANCIAL PERIOD FROM 6 FEBRUARY 2006 TO 31 MARCH 2007**

#### **Directors' Report**

##### **Introduction**

We are delighted to present our first annual report to Shareholders. The following pages show the financial position of the Company for the period from its incorporation on 6 February 2006 to 31 March 2007, together with some additional information covering the period up to 31 May 2007. During this time, the Company floated on the AIM market of the London Stock Exchange and simultaneously raised its first material funds for investment purposes.

Avarae provides access for institutions and individuals wanting to diversify their investment portfolios away from the traditional asset classes such as equities, property, bonds etc without the need to be an expert in the coin-collecting sector. The Board's current strategy is to invest actively in the coin-collecting sector in various countries across the world. We are currently building up an impressive portfolio of coins which we intend to hold both for the long term (i.e. more than one year), in order to achieve long-term capital growth for Shareholders, and also the short-term, in order to take advantage of short-term trading opportunities, as the market for rare coins continues to grow.

##### **Financing**

Avarae is registered and incorporated in the Isle of Man. Since its incorporation it has raised more than £6.5 million in two financing rounds, including raising £5.0 million (before expenses), in conjunction with its admission to trading on AIM on 24 May 2006, and raising a further £1.1 million (before expenses) through a placing with a single major London institution in June 2006.

For a publicly traded company, Avarae maintains a very low operational cost base of less than £0.3 million per annum, which includes the costs associated with all of the Company's numismatic advisers.

##### **The coin-dealing sector**

The market for trading coins is international in nature and significant in size. Over the last few months, there has been an increasing interest in the coin sector and its prominence as an alternative investment class is illustrated by recent increases in activity around the world, where record prices have been paid for certain rare pieces, especially in the UK and in the US. The UK market is still trading significantly below the levels of the US market, but the gap is narrowing and the US market does provide an insight into the substantial sums being paid for individual coins. For example, in the US a 1933 Double Eagle coin sold for over \$7.6 million, whereas the most expensive individual British coin was sold in the middle of last year for £0.4 million.

The number of interested parties in coins and coin collections appears to be continuing to grow rapidly, with auction houses, particularly in the UK, continuing to report strong growth in the numbers of interested bidders compared to the corresponding auctions in previous years.

Historically, if purchased correctly, investments in coins can not only reduce the risk of overall investment portfolios, but can also produce significantly better returns than investments in equities, bonds or property. Individual coins and coin collections have regularly produced annual compound returns in excess of 10 per cent.

##### **Avarae's investments**

Avarae floated on 26 May 2006 and made its first purchase of rare coins the week following, on 2 June 2006. In the financial period under review the Company has acquired almost 1,000 coins or coin collections, issued

by more than 40 countries investing approximately £4.1 million in aggregate. In the two months to the end of May 2007, the Company has acquired coins with a value of more than £0.8 million. Coins or notable collections purchased include:

- A 1933 Pattern Penny, thought to be one of only four in the world;
- A William III “Five Guinea” dating from 1701;
- A 1344 Edward III Gold Double Florin (or “Double Leopard”), one of only three known specimens and the only one understood to be in private hands;
- A George III 1770 Pattern Five Guinea;
- A complete collection of 236 German gold, silver and bronze coins, minted under German rulers over a period of 2,000 years;
- A collection of rare Islamic and Indian gold and silver coins covering approximately 500 years;
- A collection of high quality Chinese gold and silver coinage from the 19th and 20th centuries; and
- A collection of South American gold and silver coinage from the 18th to 20th century.

Avarae’s current intention is to hold the vast majority of its current portfolio for the foreseeable future and only make disposals of coins or collections when the Board believes it to be in the best interests of the Company and its Shareholders.

### **Change of Adviser and Placing**

The Company is pleased to appoint Collins Stewart Europe Limited as the Company’s Nominated Adviser (“Nomad”) and Broker with immediate effect. In connection with the change in Nomad, the Company is pleased to also separately announce today that it has conditionally placed 48,000,000 new Ordinary Shares with existing and new institutional and other investors at a price of 12.5 pence per new Ordinary Share, raising £6 million, before costs. The Placing is subject to approval from Shareholders and Admission of the new shares to trading on AIM.

### **Incorporation**

These are the first financial statements of the Company, which was incorporated on 6 February 2006 and commenced operations on that date.

### **Directors’ responsibilities**

Isle of Man company law requires the Directors to prepare financial statements for each financial period 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 those financial statements the Directors are required to:

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- (iv) 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004. 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.

## Principal activity

The principal activity of the Company is that of achieving capital growth for its Shareholders through the purchase, holding and sale of coins.

## Results and dividends

Since incorporation, the Company has made two disposals, selling two coins for £80,500 inclusive of VAT and achieving a profit margin of 15 per cent. (13 per cent. after associated costs), having previously purchased each coin only months earlier.

Administrative costs during the period of £218,000 include some one-off costs relating to the Company's admission to AIM and also include approximately £12,000 of costs relating to the period from the Company's incorporation to 31 March 2006.

Interest receivable of £139,000 during the period is expected to reduce on a pro-rata basis over time as more of the fundraising proceeds are invested in coins.

Net loss for the period was £70,491, resulting in a loss per share of approximately 0.13 pence on a weighted average number of shares in issue at the year end.

At the period end, the Company had net assets of approximately £5.88 million, of which approximately £2.0 million was in cash or short term deposits. The Company had no borrowings during the period.

The Directors cannot recommend a dividend for the period.

## Directors' remuneration and interests

The Directors of the Company who served during the period were:

Brian Hatton	(appointed 6 February 2006)
Neil Orders	(appointed 6 February 2006)
Robert Eijkelhof	(appointed 15 May 2006)
Mathew Wood	(appointed 23 November 2006)

The remuneration of the Directors of the Company is set out in Notes 10 and 11 to the accounts.

None of the Directors held any shares in the Company during the year.

## Substantial shareholdings

At 31 March 2007, the issued share capital of the Company was 62,133,334 ordinary shares of one pence each and the following Shareholders were believed by the Board to hold 3 per cent. or more of the Company's share capital:

<i>Shareholder</i>	<i>% Holding</i>
Equity Special Situations Limited	24.46
Blackrock, Inc.	14.16
Pershing Keen Nominees Limited	13.73
Gryphon Bond Fund Limited	7.73
Westminster Asset Management Limited	6.29
Other third party minority Shareholders subject to lock-in provisions	19.30

## Corporate governance

The Company continues to give careful consideration to the principles of corporate governance to ensure that we comply with current UK corporate governance requirements to the extent to which the Directors consider these to be appropriate for a company of its size and taking into account its wish to conserve cash for investments.

The Board meets regularly and has ultimate responsibility for the management of the Company. We also meet to review our remuneration and that of the Advisory Panel.

### **Relationship with Shareholders**

The Directors seek to build a mutual understanding of objectives between the Company and its Shareholders. The Company reports formally to Shareholders in its interim and annual reports setting out details of its activities. In addition, the Company keeps Shareholders informed of events and progress during the year through the issue of press releases.

The Annual Report is sent to Shareholders at least 23 clear days before the Annual General Meeting. Directors are required to attend Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

### **Statement as to disclosure of information to auditors**

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of us has confirmed that we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that this information has been communicated to the auditors.

### **Auditors**

A resolution to re-appoint BDO Isle of Man as auditors will be proposed at the Annual General Meeting of the Company on 8 August 2007.

APPROVED BY THE BOARD OF DIRECTORS

13 July 2007

## **AUDITORS' REPORT**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVARAE GLOBAL COINS PLC**

We have audited the financial statements of Avarae Global Coins plc for the year ended 31 March 2007, which comprise the Balance Sheet, the Profit and Loss Account, and Statement of Cash Flows, and the related notes numbered 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom accounting standards 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) issued by the Auditing Practices Board. This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. 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 auditor's report and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this Report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Acts 1931-2004. 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' fees and transactions with the Company is not disclosed.

We have read the Directors' Report and have considered its implications for our report in particular in relation to any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information other than the Directors' Report and information reviewed as part of our audit.

### **COIN PORTFOLIO**

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of the coin portfolio. The valuation included in the Company's balance sheet is based on the cost of the coins (which the Directors believe is still a reasonable estimate of market value at the year end given the relatively short period of time since the purchase of the majority of the Company's coin investments), but the realisation of this value is dependent on market conditions which may vary substantially over time. Our opinion is not qualified in this respect.

### **BASIS OF AUDIT 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 of the state of affairs of the Company as at 31 March 2007 and of the profit and cash flows of the Company for the year then ended, are consistent with the Directors' Report and have been properly prepared in accordance with the Companies Acts 1931-2004 and United Kingdom Accounting Standards.

### **BDO Isle of Man**

*Chartered Accountants & Registered Auditors*

Douglas, Isle of Man

13 July 2007

**AUDITED RESULTS FOR THE PERIOD**  
**FROM 6 FEBRUARY 2006 TO 31 MARCH 2007**

**Audited profit and loss account**

	<i>Note</i>	<i>6 February 2006 – 31 March 2007 £'000</i>
<b>Turnover</b>	1	79
Cost of Sales		(70)
Gross profit		<u>9</u>
Administrative expenses		<u>(218)</u>
<b>Loss on ordinary activities before interest</b>		(209)
Interest received		139
Interest paid		<u>0</u>
<b>Loss on ordinary activities before tax</b>		(70)
Tax on profit/(loss) on ordinary activities	4	<u>0</u>
<b>Loss on ordinary activities after taxation</b>		<u>(70)</u>
<b>Loss per share</b>	2	(0.13p)

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

The notes numbered 1 to 12 form part of these financial statements.

**Audited balance sheet**

	<i>Note</i>	<i>As at 31 March 2007 £'000</i>
<b>Current Assets</b>		
Coin inventory	3	4,067
Debtors	5	86
Cash at bank		2,017
		<hr/> 6,170
<b>Creditors:</b> amounts falling due within one year	6	(294)
		<hr/> 5,876
<b>Net current assets</b>		<hr/> 5,876
<b>Net Assets</b>		<hr/> 5,876
<b>Capital and Reserves</b>		
Called up equity share capital	7	621
Share premium	8	5,325
Profit and loss account		(70)
		<hr/> 5,876
<b>Total Equity Shareholders' Funds</b>		<hr/> <hr/> 5,876

The notes numbered 1 to 12 form part of these financial statements.

## Cash flow statement

		<i>6 February 2006 – 31 March 2007 £'000</i>
Net cash outflow from operating activities	9	(4,068)
<b>Returns on investment and servicing of finance</b>		
Interest received		139
Interest paid		<u>0</u>
		(3,929)
<b>Taxation</b>		<u>0</u>
Net cash outflow before financing		(3,929)
<b>Financing</b>		
Issue of equity shares		6,500
Expenses of issue of equity shares		<u>(554)</u>
<b>Increase in cash in the period</b>		<u><u>2,017</u></u>

## Reconciliation of net cash to movement in net funds

	<i>6 February 2006 – 31 March 2007 £'000</i>
Increase in cash in the period	<u>2,017</u>
Movement in net funds in period	2,017
Net funds at start of period	<u>0</u>
Net funds at end of period	<u><u>2,017</u></u>

## Notes to the interim results

### (1) Accounting policies

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Financial Reporting Standards.

#### *Turnover*

Turnover represents the sale of coins exclusive of VAT.

#### *Foreign currency*

Foreign currency transactions are recorded at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at year end rates, and non-monetary items are held at historical cost unless carried at market value. Any exchange differences arising are taken to the income statement.

### (2) Earnings per share

The loss per share for the period was 0.13p. The calculation of earnings per share is based on the loss of £70,491 for the period and the weighted average number of shares in issue (53,266,000).

### (3) Coin inventory

Coin inventory represents the original value of coins purchased, less the cost of those sold. The Directors consider this to represent a reasonable market value for this year, in future years it is intended to revalue the coin inventory at the end of each subsequent financial year.

### (4) Taxation

The Company is subject to taxation in the Isle of Man at 0 per cent. As the Company is listed on a recognised stock exchange it is also classified as a 'distributing company' and is, therefore, exempt from the Manx Government's distributable profits charge. Accordingly no provision for taxation has been made.

### (5) Debtors

	<i>As at</i> <i>31 March 2007</i> <i>£'000</i>
Trade debtors	28
Prepaid expenses	58
Total	<u>86</u>

### (6) Creditors

	<i>As at</i> <i>31 March 2007</i> <i>£'000</i>
Trade creditors	263
Accruals	31
	<u>294</u>

All creditors are due within one year.

**(7) Share capital**

*As at  
31 March 2007  
£'000*

**Authorised**

100,000,000 ordinary shares of £0.01 each

1,000

**Allotted, called up and fully paid**

62,133,334 ordinary shares of £0.01 each

621

**(8) Share premium account**

*As at  
30 September 2006  
£'000*

Share premium received

5,879

Less expenses

(554)

Share premium

5,325

**(9) Reconciliation of operating loss to net cash outflow from operating activities**

*6 February 2006 –  
31 March 2007  
£'000*

Operating loss

(209)

(Increase) in debtors

(86)

(Decrease) in creditors

294

(Increase) in inventory

(4,067)

(4,068)

**(10) Directors emoluments**

During the period Directors' fees were paid as detailed below. The Directors received no other benefits from the Company. No Director had any interest in the shares of the Company at any time during the period.

*6 February 2006 –  
31 March 2007  
£*

Robert Eijkelhof

10,500

Matthew Wood

4,000

Total

14,500

**(11) Related party transactions**

Brian Hatton and Neil Orders are directors of Hillberry Trust. Administration fees of £35,057 were paid to Hillberry Trust during the period, of which £14,742 was in connection with the Company's admission to trading on AIM on 24 May 2006, £5,000 was in respect of the annual responsibility fee, which covers the provision of resident statutory services and £3,000 was for the establishment of the Company.

Matthew Wood is a director of Combined Management Services Ltd (CMS). Fees for financial services of £76,626 were paid to CMS during the period, of which £50,000 was in respect of the Company's admission to trading on AIM on 24 May 2006.

Although not formally disclosable related party issues, the Directors believe that the following information is of use to members of the Company. Stock purchases of £4,137,264 have been made through AH Baldwin & Sons Limited ("Baldwin"), a subsidiary company of Noble. Avarae pays fees to Noble for services related to sourcing suitable purchases for Avarae; these fees include a performance-based element. The Managing Director of Baldwin, who is also a director of Noble, was a founding shareholder of Avarae and continues to hold a minority stake. All purchases made by Avarae, including those made through Noble and its subsidiaries, are independently assessed and approved by the Company's Advisory Panel. The members of the Advisory Panel are Sir John Wheeler and David Pinckney. Neither member has any connection with Avarae or Noble except as a member of this panel.

**(12) Capital commitments and post balance sheet events**

At the year end the Company had no capital commitments except for the coin purchase included in trade creditors, and there were no post balance sheet events that the Directors believed needed disclosure.

## PART III

### AVARAE GLOBAL COINS PLC

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Avarae Global Coins plc (the “Company”) will be held at the offices of Dickinson Cruickshank, 33 Athol Street, Douglas, Isle of Man IM1 1LB at 2.00 p.m. on 8 August 2007 for the purpose of considering and, if thought fit, passing the following Resolutions, which will be proposed as ordinary resolutions:

#### ORDINARY RESOLUTIONS

1. That:

- (a) the authorised share capital of the Company be and is hereby increased from £1,000,000 to £2,000,000 by the creation of 100,000,000 new Ordinary Shares of 1 pence each in the capital of the Company (“Ordinary Shares”) each ranking *pari passu* in all respects with the existing Ordinary Shares of the Company.
- (b) the Directors be and they are hereby generally and unconditionally authorised, subject to the provisions of the Isle of Man Companies Acts 1931-2004 (the “Acts”), pursuant to Regulation 3.4 of the Company’s articles of association (the “Articles”), to exercise all powers of the Company to allot (with or without conferring a right of renunciation), issue, grant the right to subscribe for, or to convert, any security into Ordinary Shares (a “Relevant Security”) with a maximum nominal value of £1,378,666 being the aggregate nominal amount of the authorised but unissued ordinary share capital of the Company following the passing of this resolution above, provided that the authority hereby conferred shall operate in substitution for and to the exclusion of any previous authority given to the Directors pursuant to Regulation 3.4 of the Articles and shall expire on whichever is the earlier of the conclusion of the annual general meeting of the Company held in 2008 or the date falling 15 months from the date of the passing of this resolution unless such authority is renewed, varied, or revoked by the Company in general meeting save that the Company may at any time before such expiry make an offer or agreement which might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.
- (c) the Directors be and they are hereby empowered to allot equity securities for cash as if the pre-emption rights set out in Regulation 7.1 of the Articles did not apply to any such allotment pursuant to the general authority conferred on them by resolution 1(b) above (as varied from time to time by the Company in general meeting) PROVIDED THAT such power shall be limited to:
  - (i) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise;
  - (ii) the allotment of up to 48,000,000 Ordinary Shares in connection with the placing of ordinary shares to institutional investors (“the Placing”);

- (iii) the allotment (otherwise than pursuant to sub paragraphs (i) and (ii) above) of equity securities up to an aggregate nominal amount of £275,333 representing approximately 25 per cent. of the issued share capital of the Company following the Placing;

and the power hereby conferred shall expire on whichever is the earlier of the conclusion of the annual general meeting of the Company held in 2008 or the date falling 15 months from the date of the passing of this resolution unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

2. THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 13 of the Companies Act 1992) of ordinary shares in the capital of the Company provided that:

- (a) in the event that the first resolution is passed, the maximum number of ordinary shares authorised to be purchased is Ordinary Shares with a maximum aggregate nominal value up to £110,133 being 10 per cent. of the enlarged issued share capital of the Company following the Placing;
- (b) in the event that the first resolution is not passed, the maximum number of ordinary shares authorised to be purchased is Ordinary Shares with a maximum aggregate nominal value up to £62,000 being 10 per cent. of the issued share capital of the Company;
- (c) the minimum price which may be paid for an Ordinary Share is 1 pence;
- (d) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle-market prices shown in the quotation for an Ordinary Share as derived from the Stock Exchange Alternative Trading Service of the Stock Exchange for the 10 business days immediately preceding the day on which the Ordinary Share is purchased;
- (e) the authority hereby conferred shall expire on the earlier of the date falling 15 months after the passing of this resolution or the conclusion of the next annual general meeting of the Company; and
- (f) the Company may make a contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be completed wholly or partly after the expiry of such authority.

In the event that resolution 1 is not passed, then the following ordinary resolutions shall be put to the meeting.

3. THAT the Directors be and they are hereby generally and unconditionally authorised, subject to the provisions of the Isle of Man Companies Acts 1931-2004 (the "Acts"), pursuant to Regulation 3.4 of the Company's articles of association (the "Articles"), to exercise all powers of the Company to allot (with or without conferring a right of renunciation), issue, grant the right to subscribe for, or to convert, any security into Ordinary Shares (a "Relevant Security") with a maximum nominal value of £378,666 being the aggregate nominal amount of the authorised but unissued ordinary share capital of the Company, provided that the authority hereby conferred shall operate in substitution for and to the exclusion of any previous authority given to the Directors pursuant to Regulation 3.4 of the Articles and shall expire on whichever is the earlier of the conclusion of the annual general meeting of the Company held in 2008 or the date falling 15 months from the date of the passing of this resolution unless such authority is renewed, varied, or revoked by the Company in general meeting save that the Company may at any time before such expiry make an offer or agreement which might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

4. THAT the Directors be and they are hereby empowered to allot equity securities for cash as if the pre-emption rights set out in Regulation 7.1 of the Articles did not apply to any such allotment pursuant to the general authority conferred on them by resolution three above (as varied from time to time by the Company in general meeting) PROVIDED THAT such power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise;
- (b) the allotment (otherwise than pursuant to sub paragraph 4(a) of equity securities up to an aggregate nominal amount of £155,000 representing approximately 25 per cent. of the issued share capital of the Company;

and the power hereby conferred shall expire on whichever is the earlier of the conclusion of the annual general meeting of the Company held in 2008 or the date falling 15 months from the date of the passing of this resolution unless such power is renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

13 July 2007

Ground Floor,  
East Suite,  
Exchange House,  
54-58 Athol Street,  
Douglas,  
Isle of Man IM1 1JD

*By Order of the Board*  
*Company Secretary:*  
Ben Arthur

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member. Completion and return of the enclosed Form of Proxy will not preclude Shareholders from attending and voting at the meeting.
2. To be valid, the Form of Proxy, together with the power of attorney, if any, under which it is signed, or a notarially certified copy thereof, must be received at the registered office of the Company, Ground Floor, East Suite, Exchange House, 54-58 Athol Street, Douglas, Isle of Man IM1 1JD not less than 48 hours before the time fixed for the Meeting or any adjourned Meeting at which the proxy is to vote.
3. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005 of the Isle of Man, specifies that only those members registered in the register of members of the Company as at 2.00 p.m. on 6 August 2007 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at this time. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to attend or vote at this meeting.



