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COMMODITEL LIMITED
ABN 30 000 386 685

11 May 2005

The Manager
Company Announcement Platform
Australian Stock Exchange
20 Bond Street
SYDNEY NSW 2000

By E-lodgement

Dear Sir

NEW CAPITAL RAISING AND RESTRUCTURE

The Board of CommodityTel Limited (**CMO** or **Company**) refers to the Company's announcement of 12 April 2005 which set out the terms of a proposed Rights Issue.

The Board has resolved to vary the proposed terms of the Rights Issue because it considers that in the current market conditions, the Company would be unlikely to successfully raise capital pursuant to the Rights Issue on the terms announced on 12 April 2005.

The final terms of the Rights Issue are as follows:

- (a) the Rights Issue will be undertaken on a 1 for 2 basis being approximately 125,520,457 shares at 1 cent per share to raise approximately \$1,255,204 (instead of a 1 for 4 basis at 2.5 cents per share);
- (b) Blueknight Corporation Pty Ltd (a company associated with director David Paganin) and StarCat Investments Pty Ltd (a company associated with director George Gelavis) have agreed that they will subscribe for their full entitlement under the Rights Issue (being a total of 34,305,555 shares at a value of \$343,055). To the extent that Christian and Eve-Anne Singleton and The Toad Group Pty Ltd (**Singleton Group**) do not take up their entitlement (of approximately 19,444,444 shares at a value of approximately \$194,444) (**Balance**) the Company has agreed to place the Balance;
- (c) it is intended the new Rights Issue will be underwritten by Australian Heritage Group Pty Ltd (**Underwriter**) on standard commercial terms and on the condition that the sub-underwriting for 71,770,457 Shares is secured prior to lodgement of the Rights Issue Prospectus. If this is not achieved the Underwriter can terminate the underwriting agreement;
- (d) an underwriting fee of \$35,885 is payable; and

- (e) in consideration for the Company offering the opportunity to underwrite the Rights Issue, the Underwriter will, independent of its obligations pursuant to the underwriting agreement, take a placement of 23,438,628 Shares at an issue price of 1 cent per Share to raise approximately \$234,386 (**Placement**). Shares under the Placement will be issued simultaneously with shares issued under the Rights Issue. The Underwriter has agreed to voluntarily escrow 75% of the shares issued under the Placement for 6 months.

The Rights Issue and Placement will raise a total of \$1,489,590 less costs.

In relation to the proposed capital restructure, the Company is currently preparing a Notice of Meeting for dispatch to shareholders seeking the requisite shareholder approvals to the restructure and this Notice will be accompanied by a timetable for the Rights Issue.

For and on behalf of the Board.




David Riekie
Non-Executive Director

Appendix 3B

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

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

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

COMMODITEL LIMITED

ABN

30 000 386 685

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (quoted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Capital Restructure - 100,000,000 fully paid ordinary shares (subject to Shareholder Approval)

Rights Issue – 125,520,457 fully paid ordinary shares (quoted)

Placement – 23,438,628 fully paid ordinary shares (quoted) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Capital Restructure - 100,000,000 fully paid ordinary shares (subject to Shareholder Approval) will be subject to escrow for 12 months from the date of issue.

Placement – 17,578,971 fully paid ordinary shares (subject to Shareholder Approval) will be subject to voluntary escrow for 6 months from the date of issue. |

+ See chapter 19 for defined terms.

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>						
<p>5 Issue price or consideration</p>	<p>Capital Restructure – modification and cancellation of:</p> <ul style="list-style-type: none"> • 50 million Incentive Options; • 90 million unlisted Options exercisable at 5 cents on or before 31 December 2008; and • 100 million Incentive Shares. <p>Rights Issue – 1.0 cents per share</p> <p>Placement – 1.0 cents per share</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised pursuant to the rights issue and Placement will be used to fund the expansion of the business operation and scale of growth for the Commoditel business model and associated rollout, and working capital.</p>						
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>To be advised</p>						
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1489 957 1545">Number</th> <th data-bbox="957 1489 1276 1545">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1545 957 1601">400,000,000</td> <td data-bbox="957 1545 1276 1601">Ordinary fully paid shares</td> </tr> <tr> <td data-bbox="686 1601 957 1767">36,061,198</td> <td data-bbox="957 1601 1276 1767">Options exercisable at \$0.03 each expiring on 31 December 2006</td> </tr> </tbody> </table>	Number	⁺ Class	400,000,000	Ordinary fully paid shares	36,061,198	Options exercisable at \$0.03 each expiring on 31 December 2006
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400,000,000	Ordinary fully paid shares						
36,061,198	Options exercisable at \$0.03 each expiring on 31 December 2006						

+ See chapter 19 for defined terms.

Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in clause 2 if applicable)

Number	⁺ Class
250,000 Options	Exercisable at \$0.25 each expiring on 25 November 2005
2,000,000 Options	Exercisable at \$0.25 each expiring on 29 July 2005
126,000 Options	Exercisable at \$0.30 each pursuant to the Employee Share Plan
2,000,000 Options	Exercisable at \$0.03 each expiring 31 December 2006
9,500,000 Options	Exercisable at 5 cents on or before 31 December 2008

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

The Company is not in a position to pay dividends in the foreseeable future.

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

No

12 Is the issue renounceable or non-renounceable?

Non-renounceable

13 Ratio in which the ⁺securities will be offered

One (1) Rights Share for every two (2) shares held.

14 ⁺Class of ⁺securities to which the offer relates

Ordinary fully paid shares

15 ⁺Record date to determine entitlements

To be advised

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

N/A

17 Policy for deciding entitlements in relation to fractions

To be advised

⁺ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	To be advised
19	Closing date for receipt of acceptances or renunciations	To be advised
20	Names of any underwriters	Australian Heritage Group Pty Ltd
21	Amount of any underwriting fee or commission	\$35,885
22	Names of any brokers to the issue	To be advised
23	Fee or commission payable to the broker to the issue	To be advised
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	To be advised
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	To be advised
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	To be advised
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	To be advised
28	Date rights trading will begin (if applicable)	Not applicable

⁺ See chapter 19 for defined terms.

- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

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

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

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

+ See chapter 19 for defined terms.

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which ⁺quotation is sought

39 Class of ⁺securities for which quotation is sought

40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	⁺ Class
42 Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38)		

⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 11 May 2005



Director

Print name:

DAVID RIEKIE
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+ See chapter 19 for defined terms.