

Our Ref: CGL ASX Trading Halt 16-02-15

16 February 2015

Jeremy Newman
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By email: jeremy.newman@asx.com.au
Jill.hewitt@asx.com.au

Dear Mr Newman

Commodities Group Limited - Response to ASX price and volume query

We refer to your letter dated 9 February 2015, querying the change in price of the Commodities Group Limited's (ASX: COZ) (CGL) securities from a close of \$0.065 on Friday, 30 January 2015 to an intra-day high of \$0.081 on 9 February 2015 and an increase in the volume of trading in the CGL's securities over this period.

We respond to your questions as follows:

1. Yes. At the time of your letter, CGL's subsidiary, Seafarms Group Limited (**Seafarms**), was in confidential negotiations relating to an Access and Option Agreement (**AOA**) to provide Seafarms access over Legune Station for the development of CGL's large scale land-based aquaculture project, Project Sea Dragon.

The AOA was signed on 13 February 2015. Please refer to the announcement made by CGL contemporaneously with this response for further details.

2.
 - a. At the time of your letter, CGL was relying on Listing Rule 3A.1 not to announce the ongoing confidential negotiation of the AOA. Throughout the negotiation of the AOA, CGL had appropriate confidentiality arrangements in place and, given the increase in trading price and volume, was monitoring the market for any leaks relating to the AOA negotiation. So far as CGL is aware, the negotiation of the AOA has and continued to be confidential until the announcement on 16 February 2015.
 - b. & c. CGL entered into a trading halt on 10 February 2015 and a voluntary suspension of trading on 12 February 2015 pending the finalisation of its response to the ASX price and volume query.
3. We are aware of a broker report released by Moelis & Company on 17 December 2014, which specified a target share price for CGL of \$0.11. As you may know the report was prepared with the financial support of ASX under the FY15 ASX Equity Research Scheme. Moelis & Company had no knowledge of the AOA and accordingly the report did not make reference to the confidential and incomplete negotiations relating to the AOA. CGL believes that this report had created additional interest in CGL's shares and is likely to have contributed to the increase in price and volume of trading.

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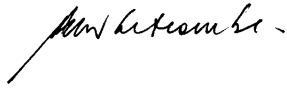
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Commodities Group Limited is a corporate authorised representative ("CAR") (Number 420079) of CO2 Group Financial Services Pty Ltd (ABN 92 142 542 774 AFSL 388086). The Group's Authorised Representative numbers are: Commodities Group Limited (CAR # 420079); Carbon Banc Limited (CAR # 420080); CO2 Australia Limited (CAR # 420081).

4. CGL is in compliance with the Listing Rules and, in particular, List rule 3.1.

If you have any further questions, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read "Harley Whitcombe", with a long horizontal line extending to the left.

Harley Whitcombe
Director and Company Secretary



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9 February 2015

Harley Whitcombe
Company Secretary
Commodities Group Limited
Level 11, 225 St George's Terrace
PERTH WA 6000

Email: harley.whitcombe@co2australia.com.au

Dear Harley

Commodities Group Limited (the “Company”) - ASX price and volume query

We have noted a change in the price of the Company's securities from a closing price of \$0.065 on Friday, 30 January 2015 to an intra-day high of \$0.081 today. We have also noted an increase in the volume of trading in Company's securities over this period.

In light of the price and volume change, ASX asks you to respond separately to each of the following questions:

1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?
4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by no later than 6:45 am, 10 February 2015**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at jeremy.newman@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Jeremy Newman

Adviser, Listings Compliance (Perth)