

TERMS AND CONDITIONS

PHYSICAL COMMODITY TRADING ACCOUNT

CONTENTS

Introduction

1. Definitions and Interpretations
2. Services Provided
3. Customer Purchase & Sale Agreement
4. Security Agreement
5. Customer Leverage, Security & Storage
6. Contracts
7. Confirmations and Month End Statements
8. Commissions, Interest and Service Fees
9. Representations
10. Limitation of Liability and Indemnity
11. General
12. Applicable Law



Dear Customer,

This Customer Agreement form is a copy for your files. Once you have reviewed this Customer Agreement please complete the Customer Application Form (II).

We are required to obtain certain background information about our customers. This information will also assist us in assessing your trading requirements.

We thank you for selecting Physical Commodities Limited and if you have any questions regarding the completion of the forms please contact your Account Executive.



THE PRICES OF PRECIOUS METALS AND PHYSICAL COMMODITIES CAN BE UNPREDICTABLE AND VOLATILE. BUYING AND SELLING PHYSICAL COMMODITIES THAT ARE LEVERAGED CAN BE HIGH IN RISK.

YOUR RISK OF LOSS WHEN TRADING LEVERAGED PHYSICAL

COMMODITIES CAN BE HIGH REGARDLESS OF HOW CURRENT PRICES COMPARE TO PAST MARKET PRICES OF THOSE COMMODITIES.

Physical Commodities Limited is a physical commodity trading company and makes the two way market in the physical commodities traded pursuant to the Agreements contained in this document. Physical Commodities Limited, through its Account Executives and Introducing Brokers, makes representations as to the advisability of trading physical commodities. Physical Commodities Limited encourages you to understand your risks of trading and financing physical commodities. If you have any questions regarding this document, or the accompanying documents, you should telephone your Account Executive.

The Risk Disclosures contained herein do not purport to disclose all of the risks and other significant aspects of engaging in off exchange physical commodity trading. In light of these risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in physical commodities is not suitable for everyone. You should carefully consider whether physical commodity trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

STATEMENT OF ADDITIONAL RISKS

IMPORTANT INFORMATION PLEASE READ CAREFULLY

1. Purchasing physical commodities can be speculative. You will only make money trading in physical commodities if the value of the commodity moves favourably enough to compensate you for various fees, including:

- (a) Commissions
- (b) The “spread” between the bid and ask prices of the commodity.
- (c) Interest and service fees charged.

2. Effect of “Leverage” or “Gearing”



Physical Commodity transactions can carry a high degree of risk. Should you decide to leverage your transaction with Physical Commodities Limited, the amount of your initial equity deposit will be small relative to the value of the physical commodity you are purchasing. This is either known as “leverage” or “gearing”.

A relatively small market movement will have a proportionately larger impact on the funds you have deposited. Thus, leverage may work against you as well as for you. You may sustain a significant loss of the initial equity deposit and any additional funds deposited to support your open physical commodity position. If the market moves against your position or required equity levels are increased, you may be called upon to pay substantial additional funds at short notice to maintain your position. Depositing additional funds is optional. If you decide not to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss but you will not be held responsible for any possible resulting deficit in your Account.

3. Equity Calls

As stated above, you are required to maintain sufficient equity in your Account to meet Physical Commodity Ltd’s minimum equity requirements that will be disclosed, in detail, during a tape-recorded telephone conversation prior to each opening transaction and confirmed in writing that will be mailed to you within two business days after each transaction is executed. In the event the value of your collateral causes your equity to fall below the amount required, a call for additional funds (“Equity Call”) to increase your equity may be triggered. In this event, if you decide to maintain your position, you will be required to remit funds to meet the call within short notice (i.e. within 3-5 business days) and sometimes sooner, depending on market conditions. If at any time the equity in your account falls below the forced liquidation equity level, regardless of whether an equity call has been issued, or if an equity call is not met within the required time, the collateral in your Account may be force liquidated. If you owe Physical Commodities Limited (PCL) commodity that you have borrowed, the action taken is a forced purchase. You must read PCL’S Leverage, Security and Storage Agreement for full terms and conditions. Please make sure that you understand Equity Calls and forced liquidations before you send money or trade.

4. Limited Right to Rescind. You have a limited right to rescind your first transaction with PCL within three business days. If you decide to rescind, you must notify your Introducing Broker by telephone, and confirm your request in writing. When the transaction is rescinded you will not be charged any commission, service fee, spread or interest. However, any market loss based on a spot to spot initiation and offset will be your responsibility. Any gain that may be gleaned from the spot to spot initiation and offset will be retained by PCL.

5. PCL’s Prices and Spreads

PCL buys commodities from and sells commodities to other physical commodity dealers in the United States, Europe and Asia. PCL, in turn, sells those commodities, usually in smaller quantities to its customers. PCL, at its sole discretion, sets the prices at which it sells to and purchases physical commodities from the public. The price at which PCL offers to sell

commodities to the public is called the ask price, and the price at which PCL offers to purchase commodities from the public is called the bid price. The quoted ask price for a commodity is always higher than the then-quoted bid price. The amount by which the quoted ask price exceeds the then-quoted bid price is called the bid/ask spread. The ask price PCL quotes for a commodity may be higher than the price at which it is or can be acquired (purchased) by PCL from its counterparties, and the bid price quoted may be lower than it is or can be liquidated (sold) by PCL to its counterparties. The amount, if any, by which the ask price exceeds PCL's acquisition price from, or the bid price is below PCL's liquidation price to, its counterparties represents revenue to PCL.

6. The Cumulative Impact of Commissions and Other Charges

a. Before you begin to trade you should obtain a clear explanation of commissions, service fees, interest, and spread for which you may be responsible. These charges will affect your net profit (if any) or increase your loss. You should be aware that, the more often you trade, and/or the longer you hold an open position, these charges will cumulatively adversely impact your net profit, if any, or increase your loss.

b. You should always consider withdrawing a percentage of any profitable transaction.

c. Therefore, your introducing broker will recommend that, whenever a completed trade is profitable, you withdraw a portion of those profits so as to limit your overall exposure to the markets.

7. Currency Risks

The profit or loss in transactions in foreign currency-denominated contracts will be affected by fluctuations in currency exchange rates where there is a need to convert from the currency denomination of the contract to another currency.

8. Off-Exchange Transactions

Physical Commodities are not conducted on organized Futures Exchanges. PCL will be acting as your counter party to all of your Physical Commodity transactions.

9. Deposited Cash and Property

The transactions you are entering into with PCL are not traded on a Futures Exchange. Therefore under UK Banking Law – your funds will be held in a designated Client Account & not form any part of PCL's Balance sheet

STATEMENT ACKNOWLEDGING THAT PROGRAM FEES AND BREAK-EVEN POINTS SHALL BE DISCLOSED IN WRITING

Physical commodities Limited hereby sets forth a document entitled "Statement of Estimated Costs and Break-Even." This document lists each of the fees involved in a transaction financed by Physical Commodities Limited. The document also states the market price to which your commodity must move before you can at least break even on your transaction. Later, each time



you commit yourself to acquiring interests in commodities financed by PCL, you should receive a document confirming the terms of the trade into which you entered.

STATEMENT OF ESTIMATED COSTS AND BREAK-EVEN

EXAMPLE PURCHASE

	1 Month	3 Months
Your Purchase Price	\$5000	\$5000
Estimated Commission @ 2%	\$100	\$100
Estimated Spread	\$100	\$100
Charges if leverage used:		
Amount of leverage	\$4000	\$4000
Leverage interest charge	\$30	\$90
Service/Storage Fee	\$25	\$75
Total Charges	\$255	\$365
% Price Increase to Break-even	5.1%	7.3%

Before you place an order, the prevailing bid & ask prices of the commodity you wish to purchase or sell, leverage fees and any applicable charges will be quoted.

UK REGULATION

Physical Commodities Limited is not regulated by a United Kingdom regulator such as the Financial Services Authority, as the FSA have taken several looks at physical commodity trading & deems this to be outside the scope of UK regulation, due to the underpinning physical asset.

CUSTOMER ACCOUNT LETTER

The Customer Agreement that follows this letter is a legal contract between Physical Commodities Limited and the other party (or parties) executing this document as a Customer, on the other hand ("Customer"). The principal purpose of this letter is to provide you with certain basic background facts concerning your Account with PCL and the transactions that you contemplate conducting therein.

In connection with your application to open a PCL Physical Commodity Account, you hereby acknowledge that you have been advised of and understand the following pertinent factors concerning Physical Commodities to be conducted in such an Account, in addition to those described in the Customer Agreement and the Risk Disclosure Statements set forth herein:

1. Physical Commodities are not conducted on a regulated futures or commodities exchange.



2. For many reasons as well as those set forth herein, Physical Commodities are appropriate only for financially suitable, sophisticated persons and institutions who or which are financially able to withstand losses in their Account.

3. Each Physical Commodity transaction executed by you through PCL contemplates the possibility of settlement via accepting or making of physical delivery of the underlying commodity, and you should have the wherewithal to effect or receive such delivery with respect to any physical commodity transaction conducted in your account with PCL.

4. PCL employs Account Executives, Representative Offices and contracts with Introducing Brokers in Europe & the United States to perform marketing, Account solicitation and servicing of customer Accounts on a fee basis. These entities are available to assist you in placing physical commodity transaction orders in your account with PCL. The market recommendations, if any, of any such independent entities are based solely on their own judgment, and are not to be imputed to PCL and their market recommendations may or may not be consistent with the market analysis of PCL or its affiliates and employees. Any market recommendations cannot constitute a guarantee of the accuracy or completeness thereof or eliminate the substantial and inevitable risks inherent in the trading of Physical Commodities.

5. Based on the foregoing, PCL does not permit Account Executives, Representative Offices and Introducing Brokers, to either exercise discretion over or manage a Physical Commodity trading account, or hold a power of attorney over a Physical Commodity Trading Account. If your account is not being traded with your specific authorization, you must notify PCL immediately.

6. PCL's equity policies and/or the equity policies of those banks, counter parties and other institutions with which physical commodity contracts for your Account are hedged may require that additional funds (equity) be provided from time to time to maintain some or all of the open positions in your Account. In such circumstances, if you make the determination to hold your positions, you will be obligated to meet such equity requirements immediately or within a short period of time. Of course, you may choose to liquidate your position immediately.

Should you make that decision, you must notify your Account Executive and execute a liquidation order at your earliest opportunity. Failure to timely meet equity calls may result in the liquidation of open positions in your Account, with a resultant loss.

Notwithstanding your attempt to meet an equity call, positions in your Account may be Force Liquidated should the market move further against your positions prior to your deposit being credited to your Account.

7. You must carefully review the Trade Confirmation statements relating to trading in your Account prepared and sent to you by PCL. Pursuant to the Customer Agreement, all reports of confirmation of orders and all Account statements will be deemed final on the third calendar day after your receipt thereof, unless you object to the contents of such reports within such three day period to PCL.

8. You have considered thoroughly and understand fully your obligations and rights under the following Customer Agreement. The Customer Agreement, including for this purpose the collateral documents entered into by the parties in connection therewith, will exclusively govern your relationship with PCL, except to the extent that applicable laws, rules and regulations are inconsistent with the terms thereof.

9. You agree and acknowledge that you are fully responsible for making all final decisions as to physical commodity transactions executed for your Account. You have considered the foregoing factors and in view of your present and anticipated financial resources, you are willing and able to assume the financial risks attendant to physical commodity transactions.

Please read this Customer Account Letter carefully. We encourage you to ask PCL for clarification of any matters described herein that are not clear to you prior to signing.

THIS IS A BINDING CONTRACTUAL AGREEMENT. DO NOT SIGN UNTIL YOU HAVE READ AND CONSIDERED THE FOREGOING RISK DISCLOSURE STATEMENTS CAREFULLY. NEITHER PCL, NOR ANY OF ITS ACCOUNT EXECUTIVES ARE QUALIFIED TO GIVE LEGAL ADVICE REGARDING THIS AGREEMENT. YOU ARE THEREFORE ADVISED TO SEEK INDEPENDENT LEGAL ADVICE BEFORE SIGNING THESE AGREEMENTS SHOULD YOU HAVE ANY QUERIES.

Parties to this Agreement

This agreement is entered into between Physical Commodities, Limited. ("PCL"), located at Edwinstowe House, Edwinstowe, Nott's, England. NG21 9PR and the Customer at the address referred to in the Customer Information Section.

INTRODUCTION

(A) PCL provides advisory and brokerage services to the Customer for the purpose of buying and selling physical commodity products offered by PCL. In addition, should Customer wish to finance a portion of the contemplated transactions with PCL, Non-Recourse Leverage facilities can be provided by PCL.

(B) The Customer wishes to utilize the services of PCL and to enter into contracts for the purchase and sale of physical commodities.

(C) PCL and the Customer agree that dealings between PCL and the Customer shall be conducted in accordance with the following terms and conditions.

1. DEFINITIONS AND INTERPRETATIONS.

1.1 In this agreement the following items shall have the following meanings:

Agreement	These terms and conditions, any and all Contracts with the Customer and any supplemental letter or document, which shall, together, constitute a single agreement between PCL and the Customer.
-----------	---

Customer Purchase	Agreement with PCL for purchase and sale of physical
-------------------	--

And Sale Agreement	commodities.
Physical Commodities	Those products that make up the PCL product list.
Transaction	A contract, whether oral or written, entered into between PCL and the Customer for the purchase or sale of physical commodities.
Equity	The amount of money that the Customer has in the physical commodity underlying each transaction.
Equity Call by PCL	Additional monies required to be deposited with PCL in order to maintain an open position in customer's Account.
Forced Liquidation	When the equity in a customer's Account falls below minimum levels as described in 5.6, 5.13 and 5.29
Order purchase	An order placed by a Customer for execution of a physical or sale.

Physical Commodities Limited (PCL)

2. PCL'S SERVICES

2.1 PCL's services hereunder shall be limited to advising Customers in relation to physical commodity transactions and executing those transactions. PCL will advise Customers in relation to transactions during normal business hours.

2.2 Unless the Customer advises PCL in writing to the contrary, PCL will, at all times, proceed on the basis that the Customer's sole trading objective is to enter into speculative transactions, in order to make profit. PCL will assume that the customer's trading objectives have not changed unless PCL has received written notification of such a change from the customer. The customer should therefore advise PCLT immediately in writing of any such change in the Customer's trading objectives. PCL will provide advisory services to the Customer in connection with particular physical commodity transactions when requested to do so or when considered by PCL that opportunities in particular physical commodities may be of interest to the Customer. The Customer acknowledges that physical commodity markets can be speculative. Although PCL will endeavour to contact customers in a timely manner following execution of an order, the Customer is solely responsible for making and maintaining contact with PCL for the purpose of monitoring all open positions to ensure that further instructions are given on a timely basis. In the event of any failure to do so, PCL can give no assurance that it will be possible for PCL to contact the Customer and accepts no liability for loss alleged to be suffered as a result of any failure by PCL to do so.



2.3 PCL may, at such time or times as it may agree, enter into transactions with Customers relating to physical commodities that provide for settlement on a specific date. Where the

Customer has failed to settle by the due date or fails to instruct PCL to close out the Customer's positions, PCL reserves the right, in its absolute discretion, to liquidate the Customer's position. Under no circumstances will PCL be liable for any financial or other loss incurred as a result of such action.

2.4 All trading is to be done on a non-discretionary basis. Under no circumstances will PCL act for a Customer other than on a specific instruction or as set forth elsewhere in this Agreement.

3. CUSTOMER PURCHASE & SALE AGREEMENT

3.1 Parties. This agreement is entered into between PCL and Customer(s) ("Customer"), at the address given in the Customer Information Section.

3.2 Purpose of Agreement. This agreement provides for the establishment of a trading account for Customer with PCL for the purchase and sale of physical commodities and shall apply to all such transactions between customer and PCL

3.3 Terms of Purchase, Sale and Delivery

(I) Customer Purchases. Customer will be advised of the full amount due at the time of purchase. Should customer wish to purchase using leverage, the initial required minimum payment must be on deposit in the customer's account at PCL. The amount due is immediately payable to PCL upon verbal confirmation of customer's purchase. If customer is purchasing from PCL using leverage or storage for the first time, he will be required to first sign and return this Agreement to PCL.

(II) Delivery to Customer or on Customer's Behalf. Upon receipt of good clear funds on customer's behalf in full payment for the purchase of commodities, PCL shall, according to Customer's instructions, either cause the commodities to be delivered (i) to Customer; (ii) to Customer's designee; or (iii) for the benefit of Customer to depositories used for the purpose of safekeeping Customer commodities (collectively referred to as "Depository"). Upon receipt of good funds in partial payment equal to the minimum down payment required by PCL for commodities purchased on leverage, PCL shall cause the physical commodities to be delivered to Depository within 7 days, or such lesser period as required by law, to be held for Customer. Customer may take physical possession of all commodities purchased on leverage at any time upon making full payment of the outstanding balance plus any applicable storage, delivery and handling fees due to PCL.

(III) Ownership of commodities. Ownership of Commodities purchased by Customer, subject to any security interests therein, passes to Customer upon delivery to Customer, Customer's designee, or Depository to be held for Customer. Commodities transferred to Depository for Customer will be delivered as an undivided share of a fungible lot and held in safekeeping on a fungible basis with the commodities of other Depository customers. Upon delivery of



commodities for Customer to Depository, Customer owns an undivided share of the commodities so held. Ownership of commodities purchased by PCL from Customer shall pass to PCL upon receipt of the commodities by PCL or Depository for PCL.

(IV) Delivery to PCL. Customer commodities sold to PCL that are on deposit with Depository may be delivered to PCL by Depository.

3.4 Pricing Policies. PCL acts as a principal and as such sells to and buys from Customer on its own behalf. It is not an exchange. PCL quotes a selling price (asked price) and a price at which it will buy (bid price). These prices are established by PCL upon its analysis of each commodity and may change many times during the day. PCL's bid and asked prices are not necessarily tied to prices quoted by any other organization. The difference or "spread" between the bid and asked prices varies. It is usually between 1.5% and 3%. Spreads on some products may be higher. PCL reserves the right to increase or decrease its prices and spread prospectively, at its sole discretion, at any time.

3.5 Price Adjustments. Customer may be required to accept delivery of certain physical commodities in quantities that are not identical in size to the quantity purchased. This quantity variance should not exceed 5%. Upon delivery of a quantity different than that originally purchased, the purchase price will be adjusted to the actual weight. Any overage or underage is priced based upon PCL's prevailing "ask" or "bid" price, respectively, for the particular commodity at the time of delivery.

3.6 PCL's physical commodity sources are confidential. PCL may utilize one or more sources, including its own inventory, to acquire the physical commodities necessary to fulfil its obligations to Customer. In connection with the purchases and sales to be made hereunder, there is no privacy of contract with any other physical commodity source other than PCL and PCL shall not be under any obligation to disclose its physical commodity sources to Customer or anyone acting pursuant to Customer's direction or authority. Moreover, at certain times, i.e., hurricanes, earthquakes, or other natural disasters that may affect the attainability of physical commodities, it may be difficult or impossible to obtain physical commodities to satisfy PCL's obligations to customer. In those limited instances, PCL reserves the right to acquire futures contracts and/or forward contracts on organized commodity exchanges throughout the world to satisfy any or all of its obligations to customer. See Force Majeure – Section 4.6 below.

PCL will rely upon instructions and orders given by Customer. It is the practice of the industry that all purchases and sales are binding contracts and must be honoured. Once an order is placed by PCL and accepted by an authorized PCL employee, a contract is created.

PCL earns a portion of the spread between bid and asked prices and PCL earns commissions for transactions with Customer. There is an inherent conflict of interest in this process. Therefore, Customer must make the final decision as to whether he wishes to enter into any particular

transaction. The inherent conflict of interest does not, however, limit in any way PCL's rights to liquidate positions in Customer's account that are in default.

Tax consequences of transactions with PCL are the sole responsibility of Customer. Customer should consult with his own tax advisor regarding the legal and tax implications of physical delivery.

4. SECURITY AGREEMENT

4.1 Property and Rights Subject to Security Interest. As security for the performance of all Customer's obligations hereunder, whether now existing or hereafter incurred. Customer hereby grants PCL a security interest in each and every commodity purchased by Customer from PCL and all other sums, property and rights, whether individually or jointly held, at any time standing to Customer's credit on PCL's books or any time in PCL's possession or Depository's possession, for any purpose.

4.2 Acceleration Upon Default. Upon default by Customer, PCL may, at its election, declare any or all Customer's obligations immediately due and payable.

4.3 Notices. All communications shall be sent to Physical Commodities Limited at Edwinstowe House, Edwinstowe Nott's NG21 9PR United Kingdom and to Customer at the address set forth following the signatures to this Agreement or such other address subsequently provided to PCL by Customer in writing. All communications given by PCL to Customer by mail shall be effective 48 hours after receipt, if hand delivered, when delivered to Customer's address; if telephonic, at time of such phone conversation; or, if telegraphic, when deposited with a public telegraph company for transmittal, charges paid.

4.4 Force Majeure. In the event of adverse conditions in the market place or other factors beyond the control of PCL, including, but not limited to, acts of God, national and/or international emergencies, adverse governmental actions, or suspension of trading futures contracts by commodity exchanges, or the delivery of the commodity underlying such contracts, or the failure or delay of suppliers, the maximum time for delivery for such commodities may be extended indefinitely during the period of such adverse circumstances. PCL will not be responsible for delays or failures in the transmission, receipt or execution of orders, payments, deliveries or information due to the incapacity or failure of computer. Transmission or communication facilities, which are beyond the control of PCL.

4.5 Individual Authority of Customer. Any party signing this Agreement as Customer is authorized to deal fully with the Account opened hereunder, for purposes of placing orders, receiving funds or commodities or otherwise. Any action taken by any such party shall be binding on all other parties with an interest in that Account. Each such party shall hold PCL harmless for relying hereon. All obligations of Customer under this Agreement are joint and several.

4.6.1 Waiver. Failure to exercise or delay in exercising any right, power or remedy hereunder by PCL shall not operate as a waiver thereof, nor shall any single or partial exercise of any

right, power or remedy of PCL hereunder preclude any other or future exercise of any other, right or remedy.

4.6.2 Depository Authority to Act. Customer agrees that Depository may act upon any instructions received from PCL concerning delivery, transfer, sale or depositing of commodities held by Depository on Customer's behalf.

4.6.3 Limited Right to Rescind. Customer purchasing a commodity from PCL for the first time has a limited right to rescind that transaction. Customer may rescind such transaction during a period of 3 business days from the day on which Customer placed his first purchase/sale order. If Customer chooses to rescind his transaction, Customer shall be assessed any actual market price losses accruing from the time at which Customer entered into his purchase or sale to the time that the transaction is rescinded. In the event of a rescission, Customer will not be assessed any other charges or fees, such as commissions, trading spread or leverage charges. Actual market price losses accruing to the position are calculated by subtracting the PCL asked (or bid) price of the commodity at the time the transaction was rescinded from the PCL asked (or bid) price at which the commodity was purchased. Customer shall not be entitled to any gains accruing on a rescinded transaction. Customer may rescind his transaction by sending a letter or fax to Physical Commodities Limited at Edwinstowe House, Edwinstowe, Nott's NG21 9PR .United Kingdom, or by a telephone Call to PCL's Compliance Department. After telephonic rescission, the rescinding Customer must send written affirmation of his rescission by letter sent by overnight courier service or first class post to PCL at the address provided within 24 hours.

4.6.4 Governing Law. This Customer Purchase and Sale Agreement with PCL is entered into in accordance with and shall be governed by the laws of the United Kingdom.

ARBITRATION

THE UNDERSIGNED ("CUSTOMER") AGREES THAT ANY CLAIM, GRIEVANCE OR CONTROVERSY ARISING OUT OF OR RELATING TO CUSTOMER(S) ACCOUNT, TO TRANSACTIONS PURSUANT TO THE CUSTOMER AGREEMENT OR THE BREACH THEREOF, SHALL BE RESOLVED BY ARBITRATION IN ACCORDANCE WITH THE RULES OF ANY PUBLICLY RECOGNIZED ARBITRATION FACILITY IN LONDON, ENGLAND.

JUDGMENT UPON ANY AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

BY SIGNING THIS AGREEMENT, YOU: (1) ARE WAIVING YOUR RIGHT TO SUE IN A COURT OF LAW; AND (2) ARE AGREEING TO BE BOUND BY ARBITRATION OF ANY CLAIMS OR COUNTERCLAIMS WHICH YOU OR PCL MAY SUBMIT TO ARBITRATION UNDER THIS AGREEMENT. IN THE EVENT A DISPUTE ARISES, YOU WILL BE NOTIFIED IF PCL INTENDS TO SUBMIT THE DISPUTE TO ARBITRATION.

4.7 Binding Agreement. The provisions of this Agreement shall be continuous and shall inure to the benefit of PCL, its successors and assigns, and shall be binding upon Customer and/or the estate, personal representatives, administrators and successors of Customer. PCL may assign its rights and delegate its duties as to any or all transactions under this Agreement.

Customer shall not delegate any obligations hereunder without the prior written consent of a duly authorized officer of PCL, and any attempt at such delegation without such consent shall be void.

5. CUSTOMER LEVERAGE, SECURITY & STORAGE AGREEMENT

(This section details the terms and conditions pursuant to which PCL operates with relation to the financing facilities it provides to those Customers who wish to leverage their physical commodity transactions. SPECIFIC ATTENTION SHOULD BE DRAWN TO SECTION 5.3 DETAILING CUSTOMERS NON LIABILITY FOR ANY LEVERAGE USED ON AN ACCOUNT

5.1 Parties. This Agreement is entered into between PCL and the Customer(s), at the address referred to in the Customer Information Section.

5.2 Purpose of this Agreement. Among other things, this Agreement is intended to set forth the terms under which PCL will lend to Borrower, from time to time, physical commodities and sums of money to sell and purchase physical commodities including, but not limited to, delivery to a depository, storage, collateral, security interest and certain risks and costs associated with each leveraged transaction.

5.3 NON-LIABILITY FOR LEVERAGE USED. THE RESPONSIBILITY TO LIQUIDATE LOW EQUITY ACCOUNTS BELONGS TO PCL. SHOULD PCL FAIL TO ACT IN A MANNER TIMELY ENOUGH TO PREVENT A DEFICIENCY IN CUSTOMER'S ACCOUNT, CUSTOMER SHALL NOT BE LIABLE FOR ANY DEFICIENCY REMAINING AFTER COLLATERAL HAS BEEN EXHAUSTED, AS A RESULT OF A FORCED LIQUIDATION BY PCL.

5.4 Terms of Leverage and Interest. Customer promises to pay to PCL on demand, or if no demand, 4 (four) years from the date of the latest leverage advancement, such sums as PCL may loan to, or for the benefit of, Customer, together with interest and fees thereon from the dates of the respective advances at PCL's prevailing announced finance rates, as such rates may change from time to time. Customer also promises to return to PCL on demand, or if no demand, 4(four) years from the date of the latest leverage, such commodities as PCL may loan to, or for the benefit of, Customer pursuant to this Agreement, and pay interest and fees thereon from the dates of the respective leverage at PCL's prevailing announced rates, as such rates may change from time to time. Interest on commodities loaned to Customer shall be based on the value of the commodities at the time they are borrowed as determined by the then prevailing bid price of PCL. Customer's failure to make such payments, or return such commodities, as required, shall constitute a default by Customer and PCL shall have the right to dispose of all collateral and security on deposit by Customer or on Customer's behalf and apply such proceeds against the obligations due to PCL hereunder. Such right shall be without limitation to the value of the collateral and security or any other remedies granted to it by this Agreement or otherwise by law. Interest on PCL's leverage facility shall be based on the number of days the balance is outstanding divided by 360. On the last day of every month, any unpaid interest for that month is added to the unpaid balance in Customer's Account. Any principal or interest not paid when due shall bear interest from its due date at the rate specified above. Customer may prepay any balance due without penalty.

5.5 Equity Requirements and Forced Liquidations. Borrower agrees to keep his obligations fully secured at all times, to the satisfaction of PCL, and to make additional payments on his or her Account or deposit additional property as security, should the value of the security for such obligations at any time suffer a decline or for any reason be at any time insufficient to secure such obligations to the satisfaction of PCL. Commodity loans must be secured by a wire transfer or commodity deposits, the value of which at all times exceeds the prevailing market value of the commodities loaned by PCL to Borrower. Commodities loaned by PCL to Borrower may be used by Borrower for any trading or commercial purpose. Cash proceeds of any loan will be used for the purchase of commodities for speculative trading or other commercial purposes and not for any personal, family or household purpose. Customer anticipates being called upon, from time to time, by PCL to reduce his outstanding leverage balance and to deposit additional funds as security for commodity leverage. In the case of a cash advance, if such a request is not responded to with the designated payment within the time specified (which may be as short as 24 hours), the property pledged as security may be sold by PCL and the proceeds applied to the repayment of amounts owed to it. In the case of a commodity loan, if a request for an increase in Borrower's security deposit is not met within the time specified (with notice as short as 24 hours), PCL may purchase the commodities loaned to Borrower using the funds deposited with PCL to secure the loan to satisfy Customer's obligations to PCL. PCL also has the right to affect such a sale or purchase without making, or before the deadline for response to, a request for the reduction of the outstanding balance due PCL or an increase in Borrower's security deposit with PCL if at any time PCL deems the collateral securing the obligations of Borrower to PCL to be inadequate. This will most frequently occur due to severe adverse changes in the market value of the subject commodities.

5.6 Bank Accounts, Form and Posting of Payments. Customer funds are at all times maintained at HSBC Bank & kept entirely separately from the firm's operating accounts and are labelled "customer Funds." Customer funds are also maintained as equity deposits with the suppliers and financiers utilized by PCL and its affiliates to acquire and finance physical commodities for their customers. Bank wires or Bank cheques are the preferred forms of payment. Customer payments that do not constitute cleared funds will be deemed good payment upon Bank clearance.

5.7 Foreign Exchange. PCL shall be entitled, with prior notice to the customer, to make any foreign exchange conversions PCL deems to be necessary or desirable. Any fluctuations in the value of Accounts as a result of exchange rate movements shall be at the risk of the Customer. Customer should be aware that trading in physical commodities denominated in currencies other than that which the Account is held will be subject to fluctuations in value in accordance with exchange rate movements. Interest may be payable on funds held on deposit to offset this exchange rate risk & is subject to certain trading terms & conditions.

5.8 Delivery to a Depository. In addition to Depository's own vaults, or vaults Depository is now using or may use, Depository may use any facility to store commodities on behalf of Customer. A depository, for the purpose of this Agreement, is defined as (a) a financial institution, i.e. a bank, savings institution or trust company organized under or supervised pursuant to, the laws of the United States: (b) a warehouse or other storage facility the

warehouse receipts of which are recognized for delivery purposes for any commodity on a contract market (futures exchange) designated by the Commodity Futures Trading Commission, or (c) storage facility licensed or regulated by the United States or any agency thereof. (d) A warehouse or other exchange, or (e) such are other savings institution, commercial bank, warehouse or storage facility with which PCL contracts to store warehouse receipts, warrants or other negotiable instruments evidencing the type, quantity or quality of the underlying commodity. Commodities transferred to Depository for customer will be delivered as an undivided share of a fungible lot and held in safekeeping on a fungible basis with the commodities of other Depository customers. Upon delivery of commodities on behalf of customer to Depository, customer will receive a Transfer Notice evidencing that such quantity of commodities has been delivered to the depository and is being and will continue to be held as an undivided share of the commodities so held by the Depository, on the Borrower's behalf, free and clear of all liens and encumbrances, other than liens of the customer tax liens, liens agreed to by purchaser, or liens of the Depository for fees and expenses, which have previously been disclosed to customer. Customer may take personal possession of commodities held as security upon full payment of the leverage balance and any applicable storage, insurance and delivery charges.

5.9 Shipping and Handling Terms and Charges. Shipping and handling fees on commodities delivered to or received from Depository for the benefit of Customer will be paid by PCL.

5.10 Authorization of Action by PCL to Protect Security Interest in Collateral. Customer authorises PCL to take any actions it believes necessary to protect or preserve its security interest in the collateral. PCL may file this Agreement and such other documents as PCL may request (which customer agrees to provide upon such request) with the appropriate authorities in order to perfect PCL's security interest under this Agreement. Until the indebtedness is repaid in full, customer shall not sell, encumber or otherwise transfer any interest in the collateral or permit to exist any encumbrance of any kind on the collateral other than the security interest of PCL under this Agreement.

5.11 Default: Changes in Collateral Requirements. At the option of PCL and without necessity of demand or notice, all or any part of the indebtedness (including any leverage of commodities to customer) shall immediately become due and payable upon the happening of either of the following events ("Events of Default"): (a) failure to perform any of the terms or provisions of this Agreement or (b) default in the payment of principal or interest of any Indebtedness of customer when due. In the event that Borrower's equity in the collateral or security deposit for commodity loans falls below 60% of PCL's minimum permissible level at any time, PCL shall have the right, but not the obligation, to foreclose upon all or any part of such collateral at its sole discretion. As a general rule, however, PCL will liquidate customer's collateral on a first-in/first out basis; that is, priority will be given to liquidation of customer's earliest initiated transaction(s). Foreclosure may be affected without prior notice, even through (1) a demand for additional security or repayment has not been made; (2) such a demand is outstanding which has not yet been met; or (3) customer's equity in the collateral has subsequently risen above PCL's minimum permissible level due to an increase in the market value of the collateral. Customer agrees to closely monitor the equity in the collateral to reduce

the likelihood of foreclosure and acknowledges the increased risk of foreclosure if customer fails to do so. PCL reserves the right to change its minimum permissible collateral level at its sole discretion at any time.

5.12 Foreclosure. In the event of customer's failure to satisfy any indebtedness when due, or upon the happening of any Event of Default as previously defined, or upon demand by Depository, PCL may, at any time, at its election, apply, set off, collect or sell in one or more sales, with or without any previous demands, notice or advertisement, the whole or any part of the collateral, in such order as PCL may elect, and purchase any commodities loaned to customer with the funds deposited to secure the leverage.

5.13 Customer Acknowledges that:

(a) Customer has read and understands this Agreement and is aware of the nature and extent of his rights and the risks involved under this Agreement.

(b) Transactions subject to this Agreement are financing transactions with PCL and are not subject to regulation by the Financial Services authority, Commodity Futures Trading Commission or the National Futures Association.

(c) Transactions will be posted to Customer's Account as soon as possible, after the payment by the customer of the initial equity requirement for the specific transaction. For the purpose of interest calculation and monitoring of equity calls and forced liquidation levels, the transaction will be considered completed at the time of posting. In some instances, this may occur prior to an advance of funds by PCL or receipt of the collateral by Depository.

(d) PCL shall be entitled to rely upon all orders and directions given to it by customer through PCL, and PCL shall have no liability to customer and customer shall hold PCL harmless for following the orders or directions of PCL.

(e) Any interest earned on funds deposited with PCL to secure leverage by customer, or free credit balances held in customer's account for pending transactions, shall inure to the benefit of customer at PCL's discretion. While PCL may, at its sole discretion, pass through a portion of such interest to customer, customer acknowledges that PCL has no obligation to do so. Any interest that may be earned from foreign commodity deposits, which are held by Depository for the benefit of customer, shall inure to the benefit of PCL. While PCL may, at its sole discretion, reduce or offer a portion of customer's interest charges as a result of any interest it may earn from such deposits, customer acknowledges that PCL has no obligation to do so.

(f) If at any time customer finances the purchase of commodities through PCL, and customer concurrently borrows commodities from PCL, any funds or commodities received by PCL as payment or security shall act as security for the commodities borrowed, up to the value of such commodities at the time they were borrowed, and then to any outstanding balance for the commodities financed.

5.14 Assignment. Upon transfer of all or any part of the indebtedness to Depository, PCL may transfer its security interest in all or any part of the collateral and shall be fully discharged

from all liability with respect to the collateral so transferred, and Depository shall be vested with all the rights and powers of PCL with respect to such collateral. Customer may not assert against Depository any claim or defence customer has against PCL. PCL may, at any time, without notice to customer, assign all or any part of its rights and privileges under this Agreement to Depository in order to provide financing to customer. Customer agrees that PCL may utilize any commercially reasonable basis by which it, in its sole discretion, may provide financing to customer including, but not limited to, acquiring the collateral on equity of up to one hundred percent of the collateral's value, or hypothecate all or any part of the collateral in exchange for financing, from Depository. In the event PCL assigns its security interest in the collateral to Depository, customer agrees that Depository may, at any time, at its election and sole discretion, without notice or demand to customer, sell, apply, set off, liquidate, or further hypothecate the collateral. Customer may not delegate or assign any obligations or rights hereunder without the prior written consent of a duly authorized officer of PCL. Any attempt at such delegation or assignment without such consent shall be void.

5.15 Continuation of Agreement and Revocation. This is a continuing agreement and all rights, powers and remedies hereunder shall apply to all past, present and future indebtedness of customer to PCL. This Agreement may be revoked only upon written notice to PCL given by any customer signing this Agreement and then only if at that time there is no indebtedness outstanding.

5.16 PCL's Rights, Powers and Remedies. The rights, powers and remedies given to PCL by this Agreement are cumulative and not exclusive of any other rights, powers and remedies PCL may otherwise have.

5.17 Communications. All communications required or permitted hereunder shall be sent to Physical Commodities, Ltd. Edwinstowe House, Edwinstowe, Nott's NG21 9PR, United Kingdom, and to customer at the address set forth below customer's name at the end of this Agreement and shall be effective upon receipt if hand delivered or when delivered by courier .

5.18 Force Majeure. In the event of adverse conditions in the market place or other factors beyond the control of PCL, including, but not limited to, acts of God, national and/or international emergencies, adverse government actions, suspension of trading by commodity exchanges, or the failure or delay of suppliers, the maximum time for delivery of commodities or payment by PCL may, except if provided by any applicable law, be extended indefinitely during the period of such adverse circumstances. PCL will not be responsible for delays or failure in the transmission, receipt or execution of orders, payments, deliveries or information due to the incapacity or failure of computer, transmission or communication facilities, which are beyond the control of PCL.

5.19 Entire Agreement. This Agreement constitutes the entire and whole agreement among its parties and is intended as a complete and exclusive statement of the terms of their Agreement. This Agreement may be amended only upon execution of a subsequent written Agreement or upon customer's failure to object, within 10 days, to modifications contained in written

material sent to customer by PCL. This Agreement shall supersede any oral representations between the parties.

5.20 Individual Authority of Borrower. Any party signing this Agreement as customer is authorized to deal fully with the Account opened hereunder. Any action taken by such party shall be binding on all parties with an interest in that Account.

5.21 Depository's Authority to Act. Customer agrees that Depository may act upon any instructions from PCL concerning delivery, transfer, sale or disposition of commodities held by Depository on customer's behalf.

5.22 Governing Law. This Customer Purchase and Sale Agreement with PCL is entered into in accordance with and shall be governed by the laws of the United Kingdom; provided that, if any UK law shall dictate that the laws of another jurisdiction apply in any proceeding, such laws shall be superseded by this paragraph and the remaining laws of the UK shall nonetheless be applied in such proceeding.

5.23 United Kingdom Contracts. The formation of this Agreement constitutes the making of a contract under UK law and the making of this contract will cause the following events, among others, to occur. The contract will be accepted and executed in England; PCL has a representative office in Edwinstowe, England; all deposits and payments made by customer will be delivered to and paid in Edwinstowe, England, statements of Borrower's account will be generated in and transmitted from Edwinstowe, England.

5.24 Severability. In the event that any provision of this Agreement shall be determined by a court of competent jurisdiction to be unenforceable in any jurisdiction, such provision shall be unenforceable in that jurisdiction and the remainder of this Agreement shall be binding upon the parties as if such provision were not contained herein. The enforceability of such provision shall be unaffected and remain enforceable in all other jurisdictions.

5.25 Identification. Borrower certifies that the Passport, Driver's License or National Insurance number referred to in the Customer Information section is correct. It may be necessary, to comply with money laundering legislation, to further identify customer(s). This information will be kept for the internal files of PCL.

5.26 EQUITY CALLS AND FORCED LIQUIDATIONS. The following information and example demonstrate how PCL computes equity and the market price at which collateral Call or forced liquidation may be triggered.

Purchase Example

The market bid value when leverage is initiated	\$4,900
Customer's Leverage Balance when initiated	\$4,000
Adding interest and service charges for 3 month	\$170
Market bid value triggering collateral call	\$4,633
Percent decline in market value from original bid value	5.4%
Market bid value triggering forced liquidation	\$4,436
Percent in decline in market value from original bid value	9.47%

(a) The example is based on an initial equity level of 20%, a collateral call level of 10%, a forced liquidation level of 6%, an annual interest rate of 8% and a monthly service fee of 0.6%.

(b) In the example, it is assumed that the amount of the leverage and service charges has increased during the first 3 months to \$4,170 as a result of accrued (unpaid) charges of approximately \$170. The difference between the increased leverage balance (\$4,170) and the trigger collateral Call bid market value (\$4,633) is \$463 or 10% of the collateral Call bid market value. (A shortcut calculation to determine the collateral Call bid market value can be accomplished by simply dividing the leverage balance increased by the accrued charges for any period you desire by 90% assuming the 10% collateral call level.)

(c) Equity, for PCL computation purposes, is equal to the amount by which the BID market value of your collateral exceeds your prevailing leverage balance or, in the case of a commodity loan, the amount but which your deposit exceeds the ASK market value of the commodity you borrowed. For example, if the bid value of your collateral is \$4,900 and your loan is \$4,000, CAFS computes your equity to be \$900 or 18.36% ($\$900/\$4,900$). You are required to maintain the percentage specified by PCL.

(d) The BID and ASK market values used by PCL to compute the equity in your account are those quoted by PCL unless you are otherwise informed.

6. CONFIRMATIONS AND MONTH END STATEMENTS. PCL will send to the Customer, within one business day following each transaction, a Confirmation Statement in respect of each transaction. This Confirmation Statement is generated and mailed, via first class mail, by PCL. Any discrepancies with what has been agreed verbally should be immediately reported to PCL.

6.1 PCL will send the customer a monthly statement that will include details of the activity on the Customer's Account during the preceding calendar month. This statement is generated by PCL and sent out via first class mail. Any discrepancies with what has been agreed verbally should be immediately reported to PCL.

7. COMMISSIONS, INTEREST AND SERVICE FEES

PCL charges will be in accordance with published standard tariffs and communicated verbally prior/during each initiating transaction. PCL may share their charges with or receive remuneration from other parties and will provide details to Customers on request.

8. REPRESENTATIONS AND RISK ACKNOWLEDGMENTS

8.1 The customer represents to PCL that, both at the date hereof (detailed in the signature provisions of the Customer Agreement (II)) and at the time of execution of each Contract, that:

(a) Customer has full power and authority and has taken all necessary steps to enable it lawfully to enter into and perform this Agreement and every contract executed hereunder;

(b) All sums or other assets deposited by way of equity or security for the Customer's obligations hereunder are beneficially owned by the Customer and the Customer will not create any charge or other encumbrances over or in respect of such monies or assets;

(c) Customer will provide to PCL on request such information regarding his financial and business affairs and identity as PCL may reasonably require and that all information supplied to PCL is true. The customer will not omit or withhold any information which would render the information so supplied false or inaccurate in any material respect;

(d) Customer has read and understood the risk warning notices appearing in this Agreement;

(e) Purchases and sales of physical commodities may involve risk as well as opportunity. Market prices are at times volatile and may be affected by a variety of factors including, among others, general economic conditions, political events of various countries, fluctuations in production and demand, stock-piles, speculative activity and the degree of concern people have about these matters. PCL cannot guarantee any price movements;

(f) Purchasers and sellers of physical commodities may lose money when trading in such speculative markets. What is suitable for one Customer with a given financial means may not be suitable for the trading objectives or emotional makeup of a second Customer. Before a Customer chooses to trade, he must determine in his own mind his ability to meet all financial commitments being made. He must also determine his ability to accept, among other things, when purchasing using leverage, that he may be called to provide additional funds and that some or all of his collateral may be foreclosed upon without advance notice;

(g) Transactions in commodities involve commissions, bid/ask spreads charged by PCL, and finance and service fees charged by PCL. Shipping charges and sales or use tax may also be payable should customer elect to take physical possession of physical commodities. These charges can result in a loss despite favourable price movement;

(h) Customer's Account Executive may not be able to contact Customer at all times necessary. These and other circumstances may make it impossible at times for PCL to stay in close touch with Customer concerning Customer's account. Therefore, it is Customer's responsibility to monitor Customer's Account and market conditions and to contact Account Executive. Do not wait to be contacted;

(i) Customer's account with PCL is self-directed. This means Customer makes and is responsible for all trading decisions for his Account. If Customer ever believes that a transaction has been entered for his Account that has not been authorized by Customer, or that a transaction has been accepted for Customer's Account and has not been executed by PCL, Customer must immediately notify PCL by Telephone at 08448 157158 or FAX at 08448 157 159 and immediately confirm such notification in writing

(j) Customer understands that all contracts are undertaken on a cash basis for physical delivery to a depository defined in the Customer Leverage, Security and Storage Agreement with PCL, or designee or for the personal possession of Customer.

9. LIMITATION OF LIABILITY AND INDEMNITY

9.1 PCL shall not be liable to Customer for the non-performance of its obligations hereunder or the failure to execute any contract in accordance with the instructions of the Customer by reason of any cause beyond its reasonable control. The physical commodity markets can be volatile and, while PCL shall act in good faith in giving any advice to Customers, PCL shall not be liable for any loss sustained as a result of any advice given by PCL on any transaction or course of action executed or followed by the Customer whether following a recommendation by PCL or otherwise insofar as and then only to the extent that such a loss is caused by the negligence or wilful default of PCL.

9.2 The customer shall, on demand by PCL, indemnify and keep it indemnified from and against all liabilities, damages, losses and costs (including legal costs) duties, taxes, charges or commissions incurred or suffered by PCL in the proper performance of its services or the enforcement of its rights hereunder, or as a result of:

- (a) Any default in payment by the Customer of any sum under this Agreement or any contract when due;
- (b) PCL doing and taking all and any actions and steps whatsoever to carry out the terms of any telephone instruction from or purporting to be from a person duly designated or authorized by the Customer;
- (c) PCL exercising its rights under this Agreement to close out all or any part of Customer's transaction before its applicable settlement date; or
- (d) PCL or Customer's exercising of their rights to terminate this Agreement.

10. GENERAL

10.1 This Agreement constitutes the entire agreement and understanding of the parties to its subject matter and the basis on which PCL will enter into any Contract with Customer and supersedes all previous written or oral communications or understandings, whether formal or informal, with respect thereto.

10.2 Customer may not, without the prior written consent of PCL, transfer this Agreement or any interest or obligation in or under this Agreement and any purported transfer without such consent shall be null and void.

10.3 Customer is required to sign and return Customer Agreement Form II attached with, and referring to, this Agreement.

10.4 PCL may amend this Agreement by notice in writing to the Customer at any time. Any such amendment shall take effect from the date specified by PCL but may not be retrospective

or affect any rights or obligations that have already arisen. Otherwise this Agreement may only be varied by the written agreement of PCL and the Customer.

10.5 No failure on the part of any party to exercise, and no delay on its part in exercising, any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Agreement and the indemnities contained, are cumulative and not exclusive of any rights or remedies provided by law.

10.6 PCL and the Customer agree and consent to:

(a) The electronic recording by either party of telephone conversations between the parties with or without automatic tone warning device;

(b) The use of such recordings or transcripts from such recordings as evidence by either party in any dispute or anticipated dispute between the parties or relating to dealings between the parties; and

(c) Any such recordings or transcripts made by PCL being destroyed in accordance with their usual business practice.

11. APPLICABLE LAW

12.1 This Agreement shall be governed by the laws of the United Kingdom; provided that, if any UK law shall dictate that the laws of another jurisdiction apply in any proceeding, such laws shall be superseded by this paragraph and the remaining laws of the UK shall nonetheless be applied in such proceeding.