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DATED

27 OCTOBER

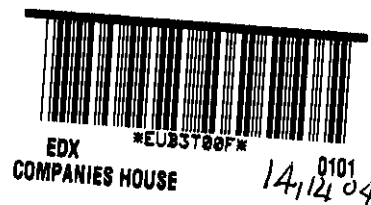
2004

- (1) CONWAY WYNN STANDING
- (2) JEREMY WILLIAM DAWIES
- (3) ENERGY TELECOM LIMITED

EXCHANGE AND SUBSCRIPTION AGREEMENT



Jonathan Scott Hall
Thorpe Road
Norwich NR1 1UH
Tel: 01603 616155
Fax: 01603 616156
Adrian Possener



**THIS AGREEMENT is made the twenty seventh of October 2004
BETWEEN:-**

- (1) CONWAY WYN STANDING of Ambaston Lane Farmhouse, Ambaston Lane, Thulston, Derby, Derbyshire, DE72 3EU ("CS");
- (2) WILLIAM JEREMY DAVIES of The Manor House, West Street, Great Somerford, Chippenham, Wiltshire, SN15 5EH("JD"); and
- (3) ENERGY TELECOM LIMITED (registered number 04603992) whose registered office is at 13-15 Regent Street, Nottingham, Nottinghamshire NG1 5BS ("ET").

BACKGROUND

- (A) As at the date of this Agreement, ET has an authorised share capital of £10,000 divided into 10,000 ordinary shares of £1.00 each, of which 1 ordinary share has been issued fully paid and is registered in the name of CS.
- (B) CS and JD hold the number of CL Shares shown opposite their names in column (2) of **The Schedule**. CS and JD have agreed to exchange the CL Shares for ET Shares subject to and in accordance with the terms set out in this Agreement.

OPERATIVE PROVISIONS

1. INTERPRETATION

In this Agreement:

- 1.1 the following expressions will have the following meanings unless inconsistent with the context:

"Articles"	the new Articles of Association in the agreed terms to be adopted by ET
"CL Shares"	ordinary shares of £1.00 each in Cost Logistics Limited
"ET Shares"	ordinary shares of £1.00 each in the capital of ET
"Encumbrance"	any mortgage, charge, pledge, lien, assignment by way of security, option, restriction, claim, right of pre-emption, right of first refusal, third party right or interest, other encumbrance or security interest of any kind, or other preferential arrangement having similar effect
"Loan Notes"	the £280,000 Energy Telecom Limited 7% Unsecured Notes 2009 in the agreed terms

"Shareholders Agreement"

the shareholders agreement in the agreed terms
between the parties

- 1.2 references to a document being "in the agreed terms" are to that document in the form agreed for the purposes of identification and initialled by or on behalf of the parties;
- 1.3 the headings in this Agreement will not affect its interpretation.

2. SHARE EXCHANGE

- 2.1 CS will (or will procure the) transfer to ET of the number CL Shares set out opposite his name in column (2) of **the Schedule** in consideration of ET allotting and issuing to him the number of ET Shares set out opposite his name in column (3) of **the Schedule**.
- 2.2 CS undertakes that the respective CL Shares will be sold and transferred to ET fully paid up and free from all encumbrances and together with all rights attached or accruing to them on or after the date of this Agreement.
- 2.3 JD will (or will procure the) transfer to ET of the number CL Shares set out opposite his name in column (2) of **the Schedule** in consideration of ET allotting and issuing to him the number of ET Shares set out opposite his name in column (3) of **the Schedule**.
- 2.4 JD undertakes that the respective CL Shares will be sold and transferred to ET fully paid up and free from all encumbrances and together with all rights attached or accruing to them on or after the date of this Agreement.
- 2.5 ET undertakes that the ET Shares will be allotted and issued to CS and JD pursuant to clauses 2.1 and 2.3 credited as fully paid and will have attached to them the rights set out in the Articles.
- 2.6 CS and JD hereby waives any rights of pre-emption over the ET Shares or the CL Shares which have been (or are to be) conferred on them pursuant to the Articles or otherwise for the purposes of this Agreement.

3. SUBSCRIPTION

- 3.1 CS will subscribe at par for that number of additional ET Shares set out opposite his name in column (4) of the Schedule and for Loan Notes of principal amount set out opposite his name in column (5) of the Schedule; and
- 3.2 JD will subscribe at par for that number of additional ET Shares set out opposite his name in column (4) of the Schedule and for Loan Notes of principal amount set out opposite his name in column (5) of the Schedule.

4. COMPLETION

Each of the parties will procure that the following will take place (to the extent not already taken place) immediately after the signing of this Agreement:

- 4.1 the execution of the Shareholders Agreement;
- 4.2 the approval and adoption by ET of the Articles;

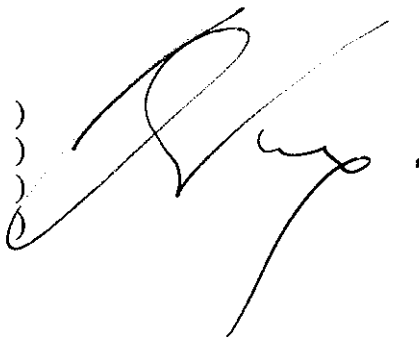
- 4.3 the appointment of Richard John Ellert as director and company secretary of ET;
- 4.4 the supply by CS of a duly executed stock transfer forms in the agreed terms transferring his CL Shares to ET together with the respective share certificate or in the case of a lost share certificate an indemnity in the agreed terms;
- 4.5 the supply by CS of a duly executed stock transfer forms in the agreed terms transferring his CL Shares to ET together with the respective share certificate or in the case of a lost share certificate an indemnity in the agreed terms;
- 4.6 CS shall subscribe for such number of ET Shares and Loan Notes in the amount shown opposite his name in columns (3) and (4) of **the Schedule** and pay the required subscription money;
- 4.7 JD shall subscribe for such number of ET Shares and Loan Notes in the amount shown opposite his names in columns (3) and (4) of **the Schedule** and pay the required subscription money;
- 4.8 the ET Shares will be allotted and issued to CS and JD in the amounts shown opposite their respective names in columns (3) and (4) of **the Schedule** and the Loan Notes will be allotted and issued to CS and JD in the amounts shown opposite their respective names in column (5) of **the Schedule** and the Company will deliver to CS and JD definitive share certificates in respect of such ET Shares and definitive loan note certificates in respect of such Loan Notes;
- 4.9 ET shall enter into an agreement for services with Sancroft Corporate Services Limited and a service agreement with CS in each case in the agreed terms.

5. GENERAL

- 5.1 Each party will use its reasonableness endeavours to do and execute or procure to be done and executed all necessary acts, deeds, documents and things reasonably within its power to give effect to this Agreement and to satisfy the Condition.
- 5.2 This Agreement may be executed in any number of counterparts and by the Company and each of the Shareholders on separate counterparts, each of which so executed and delivered will be an original, but all counterparts together will constitute one and the same agreement.
- 5.3 This Agreement will be governed by and construed in accordance with English Law. The courts of England will have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and the parties agree to submit to that jurisdiction.

THIS AGREEMENT is executed as a deed and is delivered on the date stated at the beginning of this Agreement.

EXECUTED by CONWAY)
WYN STANDING)



in the presence of:

Witness signature:



Witness name: RICHARD JOHN ELLERT

Witness address: CAMI DEL PADRE 10, SANT VICENC DE MONTAT
BARCELONA 08394, SPAIN.

Witness occupation: COMPANY DIRECTOR

EXECUTED by WILLIAM)
JEREMY DAVIES)



in the presence of:

Witness signature:



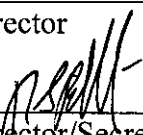
Witness name: RICHARD JOHN ELLERT

Witness address: CAMI DEL PADRE 10, SANT VICENC DE MONTAT
BARCELONA 08394 SPAIN

Witness occupation: COMPANY DIRECTOR.

EXECUTED by ENERGY)
TELECOM LIMITED)



Director

Director/Secretary

THE SCHEDULE

(1)	(2)	(3)	(4)	(5)
Party	Number of CL Shares Exchanged	Number of ET Shares Exchanged	Number of ET Shares Subscribed for	Amount of Loan Notes Subscribed for
Conway Wyn Standing	100	100	32	£60,000
William Jeremy Davies	50	50	14	£220,000