

# **CENTRAL EXCHANGE LIMITED**

**ABN 77 000 742 843**

## **PROSPECTUS**

### **FOR A NON-RENOUNCEABLE OFFER OF SHARES TO SHAREHOLDERS**

Each Eligible Shareholder can subscribe for  
up to 5,555 Shares (\$4,999.50)  
at the Issue Price of \$0.90 per Share

Each Share issued under this Offer will be entitled  
to receipt of the 5 cent per Share franked dividend  
payable in July 2004

#### **IMPORTANT NOTICE**

THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION  
IT SHOULD BE READ IN ITS ENTIRETY

YOU MAY WISH TO CONSULT YOUR PROFESSIONAL ADVISER ABOUT ITS CONTENTS

# CORPORATE DIRECTORY

## BOARD

William M Johnson (Chairman)  
Victor P H Ho (Director)  
Yaqoob Khan (Director)

## COMPANY SECRETARY

Victor P H Ho

## PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth Western Australia 6000

Telephone: +61 8 9214 9797  
Facsimile: +61 8 9322 1515

Email: [info@centralexchange.com.au](mailto:info@centralexchange.com.au)  
Web: [www.centralexchange.com.au](http://www.centralexchange.com.au)

## SHARE REGISTRY

Advanced Share Registry Services  
Level 7, 200 Adelaide Terrace  
Perth Western Australia 6000

Telephone: +61 8 9221 7288  
Facsimile: +61 8 9221 7869

## STOCK EXCHANGE

Australian Stock Exchange  
Perth, Western Australia

## ASX CODE

CXL

## AUDITOR

BDO  
Chartered Accountants and Advisers  
Level 8, 256 St Georges Terrace  
Perth Western Australia 6000

## INVESTIGATING ACCOUNTANTS

BDO Consultants (WA) Pty Ltd  
Level 8, 256 St Georges Terrace  
Perth Western Australia 6000

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## Enquiries

This Prospectus provides information for Shareholders and should be read in its entirety.

If you have any questions regarding the content of this Prospectus or how to complete the Application Form, please contact:

- Your stockbroker, accountant, lawyer or independent financial adviser;
- The Company Secretary by telephone on (08) 9214 9797 or by email on [info@centralexchange.com.au](mailto:info@centralexchange.com.au)

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## IMPORTANT NOTICES

This Prospectus is dated 11 June 2004 and was lodged with the Australian Securities and Investments Commission (**ASIC**) and the Australian Stock Exchange Limited (**ASX**) on 11 June 2004. No responsibility for the contents of this Prospectus is taken by the ASIC and the ASX or any of their officers.

Although the Company has issued this Prospectus in accordance with the provisions of the Corporations Act applicable to prospectuses, the Company specifically notes that the Offer does not take account of your specific investment needs or objectives. The Company urges you to read this Prospectus in its entirety before making an application for Shares. In particular the Company draws your attention to those matters identified by the Company as representing risks to the Company (as set out in Section 8 of this Prospectus). In the context of your personal requirements and the risk factors, the Company recommends that you seek professional guidance from your stock broker, solicitor, accountant or other professional adviser prior to making any decision to apply for Shares.

Neither the Company nor any other person warrants or guarantees the success or future performance of the Company or the returns (if any) to be received by Shareholders.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

The Company will apply to ASX for the Shares to be listed for Quotation on ASX within seven days after the date of this Prospectus.

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 10.

### Exposure Period

The Corporations Act prohibits the Company from processing applications received until after the Exposure Period. The Exposure Period is the 7 day period from the date of this Prospectus and may be extended by ASIC by up to a further

seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. That examination may result in the identification of deficiencies in the Prospectus, in which case any application received may need to be dealt with in accordance with section 724 of the Corporations Act.

No preference will be conferred on Applications received during the Exposure Period.

### Privacy

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (as amended):

- the Share Registry for on-going administration of the Share and Option registers; and
- the printers and mailing house for the purposes of preparation and distribution of statements and for handling of mail;
- investor relations and market research consultants or firms for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

Under the Privacy Act 1988, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. You can request access to your personal information by telephoning or writing to the Share Registry.

## INDICATIVE TIMETABLE

(1)	General Meeting	4 June 2004
(2)	2 for 1 Share Conversion Record Date	11 June 2004
(3)	Offer Record Date	11 June 2004
(4)	Despatch of updated Holding Statements after 2 for 1 Share Conversion	14 June 2004
(5)	Date and Despatch of Offer	14 June 2004
(6)	Expiry of exposure period for Offer	22 June 2004
(7)	Closing Date of the Offer	28 June 2004
(8)	Shares becomes ex-Dividend	30 June 2004
(9)	Despatch of updated Shareholding statements for Offer Applicants	30 June 2004
(10)	5 cent per Share Franked Dividend Record Date	6 July 2004
(11)	Trading of Offer Shares expected to commence/Re-admission of Company's Shares to ASX	8 July 2004
(12)	Payment of Dividend	9 July 2004

\* The above dates are indicative only and may vary, subject to the requirements of the Listing Rules and the Corporations Act. The Company reserves the right to close the Offer early or extend the Closing Date. However, in any event, the Company will ensure that any adjustment to the Closing Date will be done on the basis that Applicants under the Offer will be entitled to receipt of the 5 cent per Share franked dividend payable in July 2004. Applicants are encouraged to submit their Applications as soon as possible after the Offer opens.

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## LETTER FROM CHAIRMAN

11 June 2004

Dear Shareholders,

I have great pleasure in presenting this Prospectus and the opportunity for you to apply for shares in the Company under this Offer.

Your Company has undergone a number of significant changes over the last few years. Suspended from the ASX since 30 July 2002, I am pleased to announce that pursuant to shareholder approvals received at a General Meeting on 4 June 2004, the Company will apply to re-list on the ASX as an investment company in July this year after the completion of this Offer.

Whilst we feel that the Company has sufficient resources to underpin its activities as a serious investment company, we also recognise the need to provide shareholders with a reward for their current investment in the Company and the significant appreciation in company assets as a consequence of the \$19m settlement deed payment from Minara Resources Limited (formerly Anaconda Nickel Limited).

Accordingly, we have declared a franked dividend of 5 cents per share (payable in July 2004) and have undertaken this Offer priced at \$0.90 per share. The Company also believes that the implementation of this Offer would be a means of providing shareholders with an attractive cost effective mechanism to increase their shareholding in the Company without any brokerage.

The Offer Price was calculated by reference to the Company's after tax net tangible asset (**NTA**) backing per share and is set at a significant 18% discount to such audit reviewed NTA as at 31 December 2003.

I also note that shares issued under this Offer will be entitled to receipt of the 5 cent per share franked dividend. This means an effective net price of only \$0.85 for each share subscribed for under this Prospectus.

The Offer will be limited to existing eligible shareholders as at the record date (11 June 2004) and each eligible shareholder will be provided with the opportunity to subscribe for up to the application limit of 5,555 shares (or a maximum value of \$4,999.50) in the Company without payment of any fees or brokerage. Applications must be made for a minimum of \$499.50 worth of (555) shares, with multiples thereafter of \$499.50 (555 shares), up to the application limit.

As risks are inherent in any investment in shares, I encourage you to take time to read this Prospectus carefully.

Thank you for your support.

Yours Sincerely,



**William Johnson**  
Chairman

## 1. OVERVIEW OF THE OFFER

### 1.1 SHARES OFFERED FOR SUBSCRIPTION

This Prospectus invites each Shareholder at the Record Date (Eligible Shareholder) to subscribe for up to 5,555 Shares at an Issue Price of \$0.90 per Share. Each such Shareholder will therefore be entitled to subscribe for Shares under the Offer to the Application Limit of \$4,999.50 or 5,555 Shares.

Participation in the Offer is open to all Shareholders registered as holders of Shares at 5:00pm (WST) on 11 June 2004 (the Record Date) and whose address on the Company's Share register is in Australia or New Zealand (the Eligible Shareholders).

All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue.

Participation in the Offer is entirely voluntary and the Offer is non-renounceable. That is, Eligible Shareholders cannot transfer their right to acquire Shares under the Offer to another person.

No brokerage or other charges will apply to Shares subscribed for under the Offer. The Offer is not underwritten.

There is no minimum subscription under this Offer. No shortfall applications will be received under this Offer.

### 1.2 PROCEEDS OF THE OFFER

If all Eligible Shareholders subscribe for their Application Limit under the Offer, the Company will raise approximately \$3,664,632 (net of expenses of the Offer) from the issue of 4,094,035 Shares.

The proceeds of the Offer will be used:

- To meet the expenses of the Offer;
- To provide additional working capital, including for investment opportunities that meet the Company's Investment Objectives and Strategies as set out in Section 2.

The Directors are of the opinion that the Company currently has sufficient funds in order to implement its investment activities in accordance with its proposed Investment Objectives and Strategies and that the carrying out of such activity is not dependent upon proceeds from the Offer being received by the Company.

### 1.3 HOW TO APPLY FOR SHARES

Applicants should read this Prospectus in its entirety before deciding to complete and lodge an Application Form.

The Company has sent a personalised Application Form and this Prospectus to each Eligible Shareholder. Applications for Shares must be made and will only be accepted on such personalised Application Form. Applications for Shares cannot be made electronically.

An Application Form must be completed in accordance with the instructions set out on the reverse side of the Application Form.

Applications must be made for a minimum of \$499.50 worth of (555) Shares at \$.90 per Share under the Offer, with multiples thereafter of \$499.50 (555) Shares, up to the Application Limit.

Cheques must be made payable to "**Central Exchange Limited – Prospectus Account**" and crossed "**Not Negotiable**".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. No stamp duty or brokerage is payable by Applicants. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

Completed Application Forms and accompanying cheques should be lodged or delivered at any time after the Opening Date with:

Central Exchange Limited  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth WA 6000

A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

Application Forms will be accepted at any time after the issue of this Prospectus and prior to the close of business on the Closing Date.

Eligible Shareholders are encouraged to submit their Application Forms as early as possible as the Offer may be closed before the indicated Closing Date without prior notice.

## 1.4 ASX LISTING

Within 7 (seven) days after the date of this Prospectus, application will be made to the ASX for the Shares offered by this Prospectus to be admitted to Quotation. The Company will also seek the re-admission of the Company's existing Shares to Quotation.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may re-admit the Company to its Official List, or grant Quotation of the Offer Shares, is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## 1.5 ALLOTMENT OF OFFER SHARES

Subject to ASX granting approval for the Company to be re-admitted to the Official List and for the Quotation of the Offer Shares on the Official List, the allotment of Offer Shares to Applicants will occur as soon as possible after the Issue is closed, following which Shareholding statements will be dispatched to Applicant Shareholders. It is the responsibility of Applicants to determine their allocation prior to any off-market trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

Pending the issue of the Shares, or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Directors do not intend to allot any Shares unless and until ASX grants permission for the Shares to be listed for Quotation unconditionally or on terms acceptable to the Directors. If permission is not granted for the Shares to be listed for Quotation before the end of three months after the date of this Prospectus or such longer period permitted by the Corporations Act with the consent of ASIC, all Application Monies received pursuant to the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

All Application Monies pursuant to this Offer will be held in a subscription account until allotment.

An Application constitutes an offer by the Applicant to subscribe for Offer Shares on the terms and subject to the conditions set out in this Prospectus. Where the number of Shares allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned by cheque within seven days of the Closing Date. Interest will not be paid on the refunded Application Monies.

## 1.6 CHES

The Company participates in the Clearing House Electronic Sub register System (**CHES**), operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**) (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and SCH Business Rules. The Company operates an electronic issuer-sponsored sub register and an electronic CHES sub register. The two sub registers together will make up the Company's principal register of securities.

Under CHES, the Company will not issue certificates to Applicants. Instead, the Company will provide Applicants with a holding statement (which is similar to a bank account statement) that sets out the number of Offer Shares allotted to that Applicant under this Prospectus.

This statement will also advise Shareholders of either their Holder Identification Number (**HIN**) in the case of a holding on the CHES sub register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer-sponsored sub register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time, however, a charge may be incurred for additional statements.

## 1.7 OVERSEAS APPLICANTS

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make the Offer. It is the responsibility of any Applicant to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be allotted Offer Shares.

If this Prospectus has been despatched to persons resident or domiciled in an overseas jurisdiction where the securities legislation or regulation requires registration or any similar treatment, this Prospectus is provided for information purposes only.



## 2. INVESTMENT ACTIVITIES

### 2.1 INVESTMENT OBJECTIVES

The investment objectives of the Company are to:

- Achieve a consistent high real rate of return, comprising both income and capital growth, whilst operating within acceptable risk parameters set by the Board;
- Deliver a regular income stream for Shareholders in the form of franked dividends;
- Preserve and protect the capital of the Company.

The Company's investment activities will also be subject to compliance with the Company's status as an investment entity under the ASX Listing Rules - an investment entity is an entity, in ASX's opinion, whose activities, or the principal part of whose activities, consist of investing (directly or through a child entity) in listed or unlisted securities or future contracts, and whose objectives do not include exercising control over or managing any entity, or the business of any entity, in which it invests.

### 2.2 INVESTMENT STRATEGY

The Company will implement an actively managed investment strategy undertaking investments typically into one of two broad investment categories:

- Strategic Investments; and
- Non-strategic Investments.

The Company does not allocate a fixed proportion of funds into each or any of the above investment categories, since it believes that complete flexibility to invest across these categories is key to maximising long-term value growth for Shareholders.

#### (a) Strategic Investments

The Company will seek to undertake investments in which it can reasonably expect to exert a degree of influence, including board representation or through playing an active role alongside management in order to enhance or realise shareholder value.

Investments will include those that have the potential for turnaround in profitability or capital appreciation through the introduction of new management, capital, improved business practices, industry rationalisation, and/or improved investor relations.

Strategic investments by their nature will rely heavily on the Company's ability to identify, attract and exploit unique opportunities.

#### (b) Non-Strategic Investments

The Company will seek to make non-strategic investments in entities where attractive investment opportunities develop due to market sentiment or mispricing or where the Company sees other potential for generating positive returns. In contrast to strategic investments, with non-strategic investments the Company does not envisage that it will take an active role in the management of the investment.

For each strategic and non-strategic investment, the Company will expect to receive a level of return that is commensurate with the level of risk associated with such investment. In each investment and for the investment Portfolio in aggregate, the Company will at least aim to achieve a return that is consistently in excess of an appropriate benchmark share index and or a return which could be earned from investments in cash, bills of exchange or negotiable instruments drawn or endorsed by a bank, non-bank financial institution or a government.

Please refer to Section 8 for information on risk factors associated with the Company carrying on investment activities in accordance with the above Investment Objectives and Strategies.

### 2.3 PORTFOLIO ALLOCATION AND MANAGEMENT

In executing its investment strategy, the Company may, from time to time, hold a high proportion of net assets in cash, preferring to be patient and selective rather than filling its Portfolio with mediocre or underperforming investments for the sake of becoming "fully-invested".

The Company will not be limited to the principles of broad diversification; in other words, the Company may invest a significant proportion of funds in any single investment that represents an exceptional opportunity.

Every investment made by the Company will be continuously monitored and formally reviewed on a periodic basis. The Company will be willing to move quickly to realise investments when a view is formed that an investment is overvalued or there has been a material adverse change in an investment's circumstances or prospects – the Company recognises the importance of being

nimble and responsive to material changes affecting its investments.

The Company recognises that in some cases, investments take significant periods of time to provide acceptable returns. As such investments may be relatively illiquid, the Company will seek to minimise potential loss in the investment's value where a rapid or unplanned exit from that investment is sought.

The Company may also decide to dispose of shares in an entity if in the Company's view, maintaining the investment is not in the best long-term interests of the Company or an alternative, superior investment opportunity arises.

The Company's investment decisions in this regard will be carried out by the Board of Directors (in conjunction with external consultants and advisers where appropriate) and not an external investment manager. Further information about the management of the Company's investment activities are in Section 3.

## 2.4 INVESTMENT SECTORS

Investments may be made by the Company in Australia or an overseas market and into any underlying industry, business or sector, in accordance with the Company's stated Investment Objectives and Strategies.

In this regard, the Company has a history of activity in the resource sector. Investments undertaken in this sector will continue to provide the Company with a window into the highly prospective resources sector domestically and globally. This sector will provide the initial focus for the Company, in part due to current market conditions and opportunities. Such opportunities can provide the possibility for exceptional growth and returns for relatively small levels of investment.

Resource investments may span large mining companies that produce base metals and precious metals, industrial minerals and bulk commodities to junior explorers with exposure to highly prospective projects or tenements. From time to time the Portfolio may have exposure to oil and gas opportunities.

Investments in the resources sector component of the Portfolio may be undertaken:

- Directly – through pegging of tenements, entering into joint ventures, taking options over and acquiring tenements, projects and joint venture interests;
- Indirectly – through placements and initial public offerings in existing companies

(private, listed, or those seeking admission to ASX); or

- Actively – the Company recognises funding of exploration and resources development can be a problem for small and medium-sized resource companies (in Australia and overseas) and will seek to assist carefully selected companies in this sector to optimise their opportunities through the provision of funds and a range of financial and management expertise or services as required.

The Company will also seek to engage geological consultants and other relevant advisers from time to time to assist the Directors and Executives in their assessment of investment opportunities in this sector.

## 2.5 INVESTMENT CLASSES

In pursuit of the Investment Objectives and Strategies outlined above, the Company will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures including but not limited to those identified below:

- (a) Listed securities (being any security quoted on ASX or another domestic or international financial market) or unlisted securities (whether expected to be quoted on a recognised stock exchange or not) including, without limitation, shares, units or notes which are redeemable, preference or deferred, fully or partly paid, with or without any right, title or interest thereto or therein (including a right to subscribe for or convert to any such security whether listed on or not), and any security of whatsoever nature;
- (b) Warrants and options to sell or purchase any investment;
- (c) Discount or purchase of bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or by the Commonwealth of Australia, any State or Territory of Australia, or by any corporation of at least an investment grade credit rating granted by a recognised credit rating agency;
- (d) Deposits with any bank or corporation declared to be an authorised dealer in the short-term money market;
- (e) Debentures, bonds and unsecured notes of a corporation of at least an investment grade credit rating granted by a recognised credit rating agency;

- (f) Units or other interests in cash management trusts;
- (g) Units or other interests in property trusts
- (h) Managed investment schemes or other similar financial products;
- (i) Derivatives - both exchange-traded and over-the-counter (OTC) (including options, futures, contracts for commodity futures and commodity options) for hedging and other purposes;
- (j) Participation in underwriting and sub-underwriting of securities and units in which the Company is otherwise able to invest;
- (k) Debt, hybrid debt or quasi-equity/debt, mezzanine debt, or debt funding of whatsoever nature;
- (l) Investments in assets of any type, whether they be generally known as "real", "financial" "operating" or "non-operating" including without limitation, interests in tenements, projects, real estate, business enterprises, and the carrying on of business or operations or any means of commercial exploitation of the same;
- (m) Investments into (and the carrying on of business or operations or any means of commercial exploitation within) any underlying industry, business or resource sector;
- (n) Investments through trusts, partnerships, joint ventures;
- (o) Any other investments consistent with the Company's investment objectives identified in this section.

## 2.6 CAPITAL MANAGEMENT

The Company will seek to actively manage its capital to maximise the capital return to Shareholders, including, as is appropriate:

- A dividend re-investment plan;
- Buy-back of Shares when the Company's Shares are trading at a discount to NTA;
- The issue of Shares through options, bonus or rights issues to Shareholders;
- Other distributions of capital (capital returns)

## 2.7 NTA INFORMATION

To assist shareholders to assess the value of the Company's Shares, within 14 days after the end of each month the Company will lodge an ASX market announcement detailing a statement of the NTA backing of its shares as at the end of the preceding month. The calculation of the NTA backing of the shares will be made in accordance with the Listing Rules.

Such announcements will also be emailed to Shareholders who have registered their email addresses with the Company and posted on the Company's website.

## 3. MANAGEMENT OF INVESTMENT ACTIVITIES

### 3.1 GENERAL

The Company's implementation of its Investment Strategies in accordance with its Investment Objectives will be carried out by the Board of Directors (in conjunction with external consultants and advisers where appropriate) and not an external investment manager.

Where necessary, the Board may engage additional specialist resource(s) to assist with the identification, evaluation and management of particular investment opportunities. This includes specialist consultants and advisers, analysts and brokers.

It is anticipated by the Board that a suitably qualified Managing Director will be appointed within the next 6 months.

At some time in the future, if it believes that it is in the best interests of the Company, the Board may choose to delegate part or all of the responsibility for making investment decisions to an investment manager, subject to the investment manager having appropriate capabilities, experience and the necessary Australian Financial Services licences(s).

### 3.2 BOARD OF DIRECTORS

#### (a) William M. Johnson

Executive Chairman  
Age 42

Mr Johnson was appointed a Director on 28 February 2003 (and Executive Chairman on 3 July 2003) and has been the General Manager of the Company since February 2001.

Mr Johnson holds a Masters degree in Engineering from Oxford University, England and a Masters in Business Administration from Victoria University, Wellington, New Zealand.

Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. As Regional Director Asia Pacific for Telecom New Zealand Ltd, Mr Johnson was responsible for identifying, evaluating and implementing investment strategies that included start-up technology ventures, a technology focussed venture capital fund and strategic investments and acquisitions in Asia and Australia.

In Australia, in concurrent roles as General Manager of the Company and public listed companies Queste Communications Limited, Fast Scout Limited, Altera Capital Limited and Sofcom Limited, Mr Johnson has been actively involved in the strategic and micro analyses of a diverse range of business and investment opportunities and the execution of a number of corporate transactions.

Mr Johnson brings a considerable depth of experience in business strategy and investment analysis and execution.

#### (b) Victor P. H. Ho

Executive Director and Company Secretary  
Age 34

Mr Ho commenced with the Company in February 2000 as Manager, Corporate and Legal Affairs. He was appointed Company Secretary in June 2000 and was appointed an Executive Director on 4 July 2003.

Mr Ho holds a Bachelor of Commerce and Bachelor of Law degrees from the University of Western Australia and is a Fellow of the Tax Institute of Australia.

Prior to his involvement with the Company, Mr Ho had 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm.

Mr Ho is also currently in executive roles with public listed companies as Executive Director and Company Secretary of Fast Scout Limited, Altera Capital Limited and Sofcom Limited and as Company Secretary of Queste Communications Limited and Bentley International Limited.

Mr Ho has been actively involved in the structuring and execution of a number of corporate transactions, capital raisings and capital management matters and has extensive experience in public company administration and compliance and shareholder relations.

**(c) Yaqoob Khan**

Non-Executive Director  
Age 39

Mr Khan has been a Director of the Company since 5 November 1999 (Non-Executive Director since August 2000)

Mr Khan holds a Bachelor of Commerce degree from the University of Western Australia and a Master of Industrial Administration degree from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA.

After working for several years in the Australian Taxation Office, Mr Khan completed his postgraduate Masters degree and commenced work as a senior executive responsible for product marketing, costing systems and production management.

Mr Khan has been founding Executive Director of 2 ASX floats – Queste Communications Limited in 1998 and Fast Scout Limited in 2000. He was an integral member of the team responsible for the pre-IPO structuring and IPO promotion and has been actively involved in the executive management of such companies since their floats.

Mr Khan brings considerable international experience in key aspects of corporate finance, production and strategic marketing.

- the identification, assessment, construction and management of share investment portfolios;
- tenement acquisitions and joint venture arrangements;
- assessment of resource projects and transaction structuring;
- pre-IPO corporate restructuring and capital raising;
- strategic business and financial modelling;
- strategic technical development and project management;
- strategic sales and marketing;
- evaluation of investment opportunities in a diverse range of sectors, including biotechnology, agribusiness, technology, telecommunications, property and resources;
- Strategic review of corporate and business restructuring of proposed acquisitions;
- Complex transactional structuring associated with acquisitions or pursuant to deeds of company arrangements.

### 3.3 INVESTMENT EXPERIENCE

The Board's collective recent experiences in public listed companies has involved:

- identification and assessment of strategic opportunities;
- strategic review of business operations and prospects of potential investee companies;
- accumulation of strategic stakes within investee companies;
- campaigning for change to unlock strategic value and seeking Board representation to implement the same;
- strategic review of business models and operations and their subsequent rationalisation to preserve capital or endeavour to unlock value within investee companies;
- corporate restructuring, including buy-backs and capital raisings, including rights issues and public offerings by prospectus;

## 4. ABOUT THE COMPANY

### 4.1 COMPANY HISTORY

The Company (under the name of Archean Mining Investments Limited) was first listed on the ASX on 19 November 1970. Since then, it has experienced several changes in relation to its name, status and activities.

A summary of the Company's recent operational and corporate affairs follows:

#### (a) General Meeting

At the General Meeting held on 4 June 2004, shareholders approved resolutions in relation to:

- (i) The Company carrying on activities in accordance with the Investment Objectives and Strategies;
- (ii) A 2 for 1 share conversion (such that every one Share held by Shareholders is converted into 2 Shares in the Company);
- (iii) The making of the Offer and the Issue.

A resolution to change the name of the Company to "Juniper Capital Limited" was withdrawn by the Directors due to a lack of support for such choice of new name from major shareholders. The Directors propose to seek a change of name at the next general meeting of the Company.

The record date for the 2 for 1 share conversion is 5:00pm (WST) 11 June 2004. Updated Shareholding statements will be despatched on 14 June 2004.

#### (b) Anaconda Nickel Settlement Deed Payment

Pursuant to a settlement deed between Minara Resources Limited (formerly Anaconda Nickel Limited) (**Anaconda**) and the Company dated 17 September 1996 (**Settlement Deed**), Anaconda agreed to pay the Company \$16,250,000 (to be indexed by the United States Consumer Price Index) on the earlier of certain Review Dates:

- (i) 12 months after the financiers to the Murrin Murrin Nickel Project (**Murrin Murrin Project**) has confirmed that the Murrin Murrin Project is operating to design standards of performance in terms of throughput, recovery and metal production;
- (ii) 3 years after the commissioning of a nickel/cobalt treatment plant of ore from the Murrin Murrin Project;
- (iii) 3 years after 250,000 tonnes of ore from the Murrin Murrin Project has been mined and treated;

- (iv) When Anaconda has sold its interest in the Murrin Murrin Project for not less than A\$350,000,000.

On 8 October 2002, Anaconda advised the Company that it considered a Review Date was 28 September 2002 – which was triggered with the mining of 250,000 tonnes of ore in September 1999.

On 18 December 2003, Anaconda served the Company with a Review Date Notice confirming the triggering of payment to the Company as at the previous monthly Review Date of 28 November 2003.

On 12 January 2004, the Company received \$19,051,014 from Anaconda pursuant to the terms of payment under the Settlement Deed.

#### (c) Telecommunications Network

On 29 September 1999, shareholders approved various resolutions including the ratification of a licence agreement whereby the Company acquired from Queste Communications Limited (**Queste**) the Australian rights to the Queste owned and developed VoiceNet System Voice-over Internet Protocol (**VoIP**) technology. Queste also provided services in relation to assisting the Company in establishing a telecommunications network in Australia utilising the VoiceNet System VoIP technology pursuant to a technical services agreement.

On 8 August 2001, the Company announced the commercial launch of the Company's telecommunications network.

Certain cash fees payable to Queste pursuant to the technical services agreement were satisfied, at the election of the Company pursuant to the same agreement and also shareholder approval on 13 December 2000, by the issue of shares.

At a general meeting on 30 July 2002, shareholders approved the settlement and termination of the technical services agreement on terms that the Company pay to Queste in full and final satisfaction of all fees currently payable, or which would be payable, under the agreement, the sum of \$300,000 to be satisfied by the issue to Queste of 19,342,360 shares in the Company plus \$150,000 cash. After such issue of shares, Queste's shareholding in the Company increased to its current level of 4,149,112 shares (being 48.817% of the Company's current issued ordinary share capital).

The Company announced on 4 July 2003 that, in light of the disappointingly low revenues generated by the Central Exchange telecommunications network and the limited prospects for future growth, the Directors could see no commercial benefit in continuing to operate the network and had decided to close down such operations. The Company's telecommunications carrier's licence was also not renewed on 1 July 2003.

On 12 December 2003, pursuant to the terms of the licence agreement with Queste, the Company gave notice of termination of the licence to operate the Queste VoiceNet System VoIP technology.

#### **(d) Unsuccessful Acquisition Of Juniper Resources Limited and Capital Raising**

On 30 July 2002, shareholders approved various resolutions in relation to the acquisition of Juniper Resources Limited (**Juniper**) and related matters. Juniper and its subsidiary held interests in various gold, base metal, copper and iron-ore resource projects.

The settlement of the sale and purchase of the shares in Juniper by the Company pursuant to the Share Sale Agreement was subject to and conditional upon satisfaction of various conditions, including the Company raising, by 22 November 2002, by way of public or private offer, a minimum amount of \$1,500,000.

On 1 August 2002, the Company lodged a prospectus for the issue of Shares to raise (from the issue of shares) \$3,000,000 (with a minimum subscription of \$1,500,000).

The Company's shares were suspended from ASX on the eve of the general meeting in accordance with the requirements of ASX and the Listing Rules pending the completion of the capital raising and settlement of the Juniper acquisition.

On 26 November 2002, the Company announced that:

- (i) The prospectus had closed on 25 November 2002 without raising sufficient funds to reach the minimum subscription level of \$1.50 million and accordingly, the prospectus had been withdrawn;
- (ii) It had given notice of termination of the Juniper acquisition for failure to fulfil a condition precedent – namely, that the Company raise a minimum of \$1.50 million.

## **4.2 ASX SUSPENSION**

The Company's shares were suspended from Quotation on the Official List of the ASX prior to commencement of trading on the day of the Company's general meeting on 30 July 2002 to approve, inter alia, the Juniper acquisition and capital raising referred to above in Section 4.1(d).

Shortly after the withdrawal of the Company's prospectus and termination of the Juniper acquisition in November 2002, the Company applied to the ASX for re-admission of its securities on the ASX.

On 20 June 2003, the ASX advised the Company that it would not reinstate the Company to Quotation as they were of the view that the Company's level of operations was not sufficient to warrant the Quotation of its securities as required under the Listing Rules.

ASX has advised that prior to reinstatement to ASX, the Company will be required to re-comply with the ASX Listing Rules. This includes seeking shareholder approval in relation to its activities and meeting the requirements of the Listing Rules as if it were applying for admission to the Official List of ASX as a new company.

Shareholder approval of Resolution 1 (Activities of the Company) at the General Meeting and the completion of the Issue will facilitate the Company's plans to seek re-admission to ASX in this regard.

The Company will apply for re-admission to ASX after the completion of the Offer and will be required to demonstrate to ASX that the Company satisfies all evidentiary requirements for re-compliance with all relevant ASX Listing Rules.

In this regard, the Company notes that it is expected to be able to meet the ASX Listing Rule requirements:

- (i) For a minimum share price of 20 cents;
- (ii) For a minimum spread of shareholders each having a parcel of at least \$2,000; and
- (iii) Under an appropriate "assets" test.

The Company notes that re-admission of its shares to ASX will ultimately depend on the ASX being satisfied as to re-compliance with relevant provisions of the Listing Rules.

Please also refer to the Indicative Timetable for details of the timing associated with the Company's plans for re-admission to ASX.

### **4.3 LITIGATION**

The Company is not involved in any litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company at the date of this Prospectus.

### **4.4 MATERIAL CONTRACTS**

Save for the Directors' Deeds described in Section 6.2(d) there are no contracts to which the Company is a party which may be material in terms of the operation of the business of the Company.

The Company has not entered into any management or custodial service agreements in relation to its investment activities. However, the Company reserves the right, subject to compliance with all applicable laws and the ASX Listing Rules, to enter into agreements upon such terms and conditions that the Directors regard as would be appropriate to the Company at the relevant time.



## 5. FINANCIAL INFORMATION

### 5.1 BACKGROUND

The Company was incorporated on 18 December 1969 in New South Wales. The Company (under the name of Archean Mining Investments Limited) was first listed on the ASX on 19 November 1970. Since then, it has experienced several changes in relation to its name, status, share capital and activities.

The auditors of the Company since 30 November 1995 are BDO Chartered Accountants and Advisers in Perth, Western Australia.

The financial and taxation accounts for the Company are made up to 30 June annually. The Company is taxed as a public company.

The Directors have not made any forecasts of earnings by the Company.

Please refer to the Investigating Accountant's Report prepared by BDO Consultants (WA) Pty Ltd after Section 11 of this Prospectus.

### 5.2 CAPITAL STRUCTURE

The Company currently has 8,499,263 fully paid ordinary Shares on issue and no other securities on issue. The Company is admitted for Quotation on ASX however, as described in Section 4.2, the Company's Shares have been suspended from ASX since 30 July 2002.

At the General Meeting on 4 June 2004, Shareholders approved a 2 for 1 share conversion to double the current share capital to 16,998,526 fully paid ordinary Shares. The record date for such share conversion is 11 June 2004 and updated Shareholding statements will be despatched on 14 June 2004.

The pro-forma Share capital structure of the Company is set out below to reflect the Share capital structure of the Company assuming maximum applications are received from the Company's current 737 Eligible Shareholders pursuant to this Offer:

#### Pro-Forma Share Capital – Post Offer

		%
Shares presently on issue	8,499,263	
After 2 for 1		
Share conversion	16,998,526	81%
Expected Maximum Shares issued under the Offer	<u>4,094,035</u>	<u>19%</u>
Pro-forma Share Capital	<u><b>21,092,561</b></u>	<u>100%</u>

### 5.3 PROPOSED DIVIDEND

In light of the receipt of revenues of \$19,051,014 from Anaconda pursuant to the Settlement Deed, the Directors were pleased to announce on 18 February 2004 payment of an interim unfranked dividend of 10 cents per Share. The record date for entitlements to such interim dividend was to be 29 April 2004 with payment to be effected on or about 7 May 2004.

However, on 18 March 2004, the Company announced that it had cancelled its plans to pay the 10 cents per Share unfranked dividend and instead proposed to pay a franked dividend of 5 cents per Share. A record date of 6 July 2004 has been set for entitlement to such franked dividend with payment expected to be effected on or about 9 July 2004.

This 5 cents per Share dividend (post 2:1 Share conversion) is equivalent in cash terms to the 10 cent per Share dividend announced on 18 February 2004 (pre 2:1 Share conversion) if they hold the same equivalent Shares in the Company.

The aggregate dividends payable by the Company will remain unchanged if no subscriptions are received under the Offer. If subscriptions are received under such Offer, the aggregate dividends payable by the Company will increase on a pro rata basis to reflect the increased capital base of the Company from such subscriptions.

The change in dividends was prompted by a number of Shareholder calls for the Company to pay a more tax effective franked dividend where possible, and legal and taxation advice received by the Directors.

The Company is able to pay a franked dividend because it expects to incur an income tax liability for the current financial year ending 30 June 2004. However, the extent of such final tax liability will determine the extent to which the Company will be able to frank the 5 cents per Share dividend. This expected 30 June 2004 year end tax liability is also another reason for the record date for dividend entitlements being on 6 July 2004 as the Company will only gain its expected franking account credits (which is derived from income tax paid) after 30 June 2004.

Eligible Shareholders who subscribe for Shares under this Offer will be entitled to receive this 5 cents per Share franked dividend as the record date for such dividend is after the Closing Date and expected to be after the allotment of Shares from the Issue.

## **5.4 DIVIDEND POLICY**

The Company intends to pay dividends from the dividends and interest income it may receive from its investments and from the potential realised gains made on the sale of investments that form part of the Portfolio. Dividends will be franked to the extent that available franking/imputation credits permit.

However, the ability of the Company to pay dividends and the timing of those dividends in the future is dependent on many factors, including the Company's future capital requirements for proposed investments and the financial position generally of the Company.

There will also be other factors beyond the control of the Directors that may affect revenues and profitability and, therefore, the ability of the Company to pay dividends. Consequently, the Directors cannot give any specific assurance to Shareholders concerning the future payment of dividends.

Please refer to Section 8 for information on risk factors associated with the Company carrying on investment activities in accordance with its Investment Objectives and Strategies.

## **5.5 DIVIDEND REINVESTMENT AND BONUS SHARE PLANS**

The Constitution of the Company authorises the Directors to establish and maintain Dividend Reinvestment Plans (whereby any member may elect that dividends payable by the Company be reinvested by way of subscription for Shares in the Company) and Bonus Share Plans.

The Directors propose to implement a Dividend Reinvestment Plan in the near future. Further details will be provided to Shareholders upon such implementation. Such Dividend Reinvestment Plan will not be implemented prior to the payment of the 5 cents per Share franked dividend referred to in Section 5.3. The Directors note that any implemented Dividend Reinvestment Plan is likely to be suspended in relation to such dividend in any event due to the lack of a stable market price for the Company's Shares (as the Company's Shares are currently suspended from ASX).

## 6. THE BOARD OF DIRECTORS

### 6.1 DIRECTORS' PROFILES

Please refer to Section 3.2 for profiles of the Board of Directors.

### 6.2 INTERESTS OF DIRECTORS IN THE COMPANY

#### (a) Directors' Interests in Securities of the Company

The Directors of the Company do not have any relevant interest in the issued securities of the Company at the date of this Prospectus.

Director, Mr Yaqoob Khan, is a director of Queste Communications Ltd.

Director, Mr Victor Ho, is the Company Secretary of Queste Communications Ltd.

Queste Communications Ltd is a substantial Shareholder in the Company with 48.817% of the Company's current issued Share capital.

The Directors also have a relevant interest in the issued securities of Queste Communications Ltd.

The Directors are not entitled to participate in the Offer as they have no current Shareholding in the Company and are not expected to have any Shareholding in the Company at the Record Date.

Queste Communications Limited is entitled to participate in the Offer to the extent of the Application Limit (of 5,555 shares at a cost of \$4,999.50).

Under the Company's Constitution, a shareholding qualification for Directors may be fixed by the Company in general meeting. Unless and until so fixed a Director is not required to hold any share in the Company.

#### (b) Directors' Remuneration

The Constitution of the Company provides that the non-Executive Directors are entitled to remuneration as determined by the Company in general meeting to be apportioned among them in such manner as the Directors agree.

Subject to any contract with the Company and to the Corporations Act, the Board may fix the remuneration of each Executive Director. That remuneration may consist of salary, bonuses, participation in profits of the Company or of any other company in which the Company is

interested, a percentage of any increase in the market capitalisation of the Company or by any or all of those modes but may not be by way of commission on or percentage of operating revenue of the Company.

At present, the Company has not appointed a Managing Director. The Company expects to appoint a Managing Director within the next 6 months at commercial rates of remuneration. It is expected that such remuneration will comprise a base salary and a performance bonus based upon one or more of the permitted means of remuneration contained in the Constitution of the Company.

As at the date of this Prospectus, the Directors are remunerated on the basis of fixed annual salaries as follows:

Name of Director	Office	Salary \$
William Johnson	Chairman and General Manager	125,000
Victor Ho	Executive Director and Company Secretary	Nil *
Yaqoob Khan	Non-Executive Director	Nil *

\* Such Directors had agreed to forgo their Directors' fees until further notice (effective 1 July 2003).

The Company intends to enter into director service agreements with its Directors upon commercial rates of remuneration in the near future. It is expected that such remuneration will comprise a base salary or fee (in relation to non-Executive Directors) and, in relation to Executive Directors, a performance bonus based upon one or more of the permitted means of remuneration contained in the Constitution of the Company.

In addition to the remuneration outlined above:

- the Company is required to pay directors employer superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation.
- The Company may also pay the directors' travelling and other expenses that they properly incur in attending directors' meetings or any meetings of committees of directors, in attending any general meetings of the Company, and in connection with the Company's business;
- If a Director, at the request of the Board and for the purposes of the Company, performs extra services or undertakes any executive or other work for the Company beyond his or her general duties, the

Company may pay that Director a fixed sum or salary set by the Board. Such remuneration may be either in addition to or in substitution for any remuneration to which that Director is entitled as described above.

Under the Company's Constitution:

- A Director of the Company may be or become a director, officer, employee or member of any company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and is not accountable for any reasonable benefits received as a director, officer, employee or member of the other company.
- A Managing Director of the Company may, with the prior approval of the other Directors (such approval not to be unreasonably withheld), act as a managing director of another company.

### **(c) Directors' Indemnities and Insurance**

The Company's Constitution provides that to the extent permitted by the Corporations Act:

- (i) the Company may indemnify:
  - (A) every person who is or has been an officer of the Company; and
  - (B) where the Board considers it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company;against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be).
- (ii) The Company may pay a premium in respect of a contract insuring a person who is or has been an officer of the Company or a related body corporate of the Company against any liability incurred by the person as an officer of the Company or a related body corporate except a liability (other than one for legal costs) arising out of conduct involving a wilful breach of duty in relation to the Company or a contravention of section 182 or 183 of the Corporations Act.

### **(d) Directors' Deeds**

In addition to the above rights, the Company has also entered into a deed with each of the Directors to regulate certain matters between the Company and each Director, both during the time the Directors holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries), including the following matters:

- The Company's retention of and the Director's access to Board papers and company books (subject to confidentiality and privilege) both while the Director is a director of the Company and after the Director ceases to hold office, for the purposes expressly permitted by the deed.
- The Company's obligation to use its best efforts to ensure that so far as practical (having regard to the cost of coverage and its availability with the issue of practicality to be determined by the Board), that there is an appropriate directors' and officers' insurance cover (as permitted by the Corporations Act) for the period that each Director is a director of the Company and for 2 years after that Director ceases to hold office;
- The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act);
- Subject to the terms of the deed and the Corporations Act, the Company may, at the request of the Director and on such terms as it thinks fit, advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of a legal proceeding.

The Company cannot make such an advance to a Director in respect of legal costs incurred in a legal proceeding initiated by the Company against the Director.

Advances must be repaid by the Director once the outcome of the legal proceeding is known, but may be set-off by indemnities from the Company (where permitted by the deed and the Corporations Act); and

- the Company's and Director's rights and obligations in respect of confidential information, legal proceedings against the Director, disclosure of Director's benefits and notifiable interests, costs of independent advice and related party benefits.

The Company proposes to enter into deeds as described above with new Directors and officers appointed to the Company from time to time.

The Company does not currently have but intends to investigate obtaining a directors' and officers' liability insurance policy which covers all Directors and officers of the Company and its wholly-owned subsidiaries.

### **(e) Other Interests of Directors**

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director of the Company, and no firm in which a Director or proposed Director of the Company is a partner, holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:
  - (i) the formation or promotion of the Company;
  - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion,
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed Director of the Company:
  - (i) to induce them to become, or to qualify them as, a Director; or
  - (ii) for services rendered by them in connection with the formation or promotion of the Company.

Yaqoob Khan was a Director of the Company at the time of its unsuccessful capital raising by prospectus dated 1 August 2002 (refer Section 4.1(d)).

## **6.3 CORPORATE GOVERNANCE**

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts.

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support the principles of corporate governance.

To this end, the Board has adopted appropriate corporate governance policies and practices having regard to its size and nature of activities and the circumstances of the Company.

The Company's latest Corporate Governance Statement is as contained in the 2003 Annual Report. Such Corporate Governance Statement is reproduced as follows:

*"The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of behaviour and accountability.*

*The primary responsibilities of the Board include:*

- *formulation and approval of the strategic direction, objectives and goals of the Company;*
- *monitoring the financial performance of the Company, including approval of the Company's financial statements;*
- *ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;*
- *the identification of significant business risks and ensuring that such risks are adequately managed;*
- *the review of performance and remuneration of executive Directors; and*
- *the establishment and maintenance of appropriate ethical standards.*

*The Board delegates to the executive team all responsibility for the operation and administration of the Company.*

### **Terms of Appointment as a Director**

*The Constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general*

meeting are those with the longest length of time in office since their appointment or last election.

#### **Independent Professional Advice**

Each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. [Subject now to the terms of the Director's Deed in relation to such matter, in respect of each Director]

#### **Share Trading**

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act 2001 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

#### **Committees**

In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and senior executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest).

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

#### **Code Of Conduct**

In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

#### **Communication to Market and Shareholders**

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

- The Annual Report which is distributed to shareholders;
- The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;

- The Half-Yearly Directors' and Financial reports and the Quarterly and Monthly Cash Flow Reports;
- Other Announcements made in accordance with ASX Listing Rules.

The Company's reports and ASX announcements may be viewed and downloaded its website: [www.centralexchange.com.au](http://www.centralexchange.com.au) or the ASX website: [www.asx.com.au](http://www.asx.com.au) under ASX code "CXL".

However, the Board is currently reviewing the above Corporate Governance Statement in light of the circumstances of the Company after re-admission to ASX and the principles of the ASX Corporate Governance Council and the ASX Listing Rules.

Details of the Company's updated corporate governance policies will be made available from the Company's website in due course and in the Company's 2004 Annual Report to be released later this calendar year.

## 7. TAXATION

Set out below is a summary of certain Australian taxation consequences for Shareholders who are residents of Australia for Australian taxation purposes.

This summary is based on the Company's understanding of the tax laws as in force at the date of this Prospectus as contained in the *Income Tax Assessment Act 1936*, *Income Tax Assessment Act 1997* and *Income Tax Rates Act 1986* (collectively referred to as the **Tax Law**), as they apply to Shareholders in respect of ordinary Shares held in the Company.

This summary does not address all taxation consequences of ownership of ordinary shares in the Company. Rather, it represents a general summary of the Australian taxation position for Shareholders, who are residents of Australia for Australian tax purposes. The personal circumstances of a Shareholder, including their legal nature, will affect the applicable taxation consequences, and all Shareholders are advised to obtain tax advice relevant to their own circumstances.

The Australian taxation treatment of non-resident (foreign) Shareholders is not considered in the following summary.

The general taxation implications for Australian Shareholders in the Company have been set out below in respect of the following circumstances:

- Receiving dividend income; and
- Disposing shares in the Company.

### 7.1 TAX POSITION OF THE COMPANY

- (a) The Company is a resident of Australia for the purposes of the income tax law.
- (b) Where the Company makes a profit or a loss on the sale of an investment, that profit or loss may be on revenue account (ordinary income) or on capital account (capital gain or loss). There are many factors which need to be considered by the Company in assessing which tax treatment is appropriate for each investment. A detailed analysis of those factors is outside the scope of this Prospectus.
- (c) The Company is not expected to be able to satisfy the criteria to be considered a listed investment company (**LIC**) for the purposes of the Tax Law and as such, tax concessions will not be available to eligible Shareholders that allow the benefit of the discount capital gains tax regime to "flow through" to them.

- (d) The taxation accounts for the Company will be made up to the financial year ending 30 June annually.
- (e) The Company will be taxed as a public company. The applicable rate of company tax applying to the Company should be the prevailing company tax rate of 30%.

### 7.2 TAX POSITION OF SHAREHOLDERS – RECEIPT OF DIVIDENDS

#### (a) Individuals

- (i) Dividends received by resident individual Shareholders (either directly or indirectly) are generally included in the assessable income of the Shareholder. Shareholders are generally then subject to tax on the dividends at their relevant marginal rates.
- (ii) To the extent that the dividends are franked, then the imputation credits attaching to the franked dividends are also included in the assessable income of the Shareholders (that is, the dividend is grossed-up). Shareholders are then entitled to a tax credit/offset equal to the amount of imputation credits received.
- (iii) To the extent that the dividend is unfranked, there is no gross-up and Shareholders should generally be taxed at their marginal rate on the dividend received, with no tax credit/offset.

#### (b) Companies

- (i) Dividends received by resident corporate Shareholders (either directly or indirectly) are generally included in the assessable income of the Shareholder. Shareholders are generally then subject to tax on the dividends at the company tax rate.
- (ii) To the extent that the dividends are franked, then the imputation credits attaching to the franked dividends are also included in the assessable income of the Shareholders (that is, the dividend is grossed-up). Shareholders are then entitled to a tax offset equal to the amount of imputation credits received.
- (iii) To the extent that the dividend is unfranked, there is no gross-up and Shareholders should generally be taxed at the company tax rate on the dividend received, with no tax offset.

- (iv) Corporate Shareholders are also entitled to a franking credit in their franking accounts equal to the imputation credit attaching to the dividend. Corporate Shareholders can then use the credit to frank dividends to their Shareholders.

#### **Complying Superannuation Funds**

- (i) Generally speaking, superannuation funds treat the receipt of a dividend in the same way as an individual and corporate Shareholder.
- (ii) To the extent that any dividend received by a superannuation fund is unfranked, it will be fully assessable without any gross-up or tax offset in the same way as an individual.

### **7.3 ANTI-AVOIDANCE RULES**

Shareholders are generally not entitled to imputation credits on a dividend where the Shareholders have not held their Shares "at-risk" for a period of at least 45 days. As the anti-avoidance rules pertaining to the imputation system are extremely complex, you should consult your tax advisor in relation to the operation of these rules.

### **7.4 DISPOSAL OF SHARES**

- (a) Where shares in the Company are held on revenue account (as "trading stock") by a Shareholder, any gain or loss on disposal should be taxable as ordinary assessable income as opposed to being taxed as capital gains.
- (b) Where shares in the Company are held on capital account, any gain or loss on disposal is generally taxed in accordance with the capital gains tax (**CGT**) provisions of the Tax Law.
- (c) Australian resident individual Shareholders and trustees will be liable to tax on only half of any capital gain made on the disposal provided the ordinary Shares are each owned by the relevant Shareholders for at least twelve (12) months prior to disposal.
- (d) The capital gains treatment of complying Australian resident superannuation funds or life insurance companies is, in general, the same as that set out above for Australian resident individuals and trustees, except that the "discount" is one-third rather than 50 per cent.

- (e) Any CGT loss incurred in respect of the disposal of the Shares is effectively quarantined and can only be offset against capital gains.

- (f) The cost base for each Shareholder of ordinary Shares will generally be equal to the issue or purchase price of the ordinary Shares and, amongst other things, any incidental costs of acquisition and non-deductible interest expenditure in acquiring the Shares.

- (g) The Company recommends that you consult your tax advisor with respect to the application of these rules as the foregoing statements reflect a general summary only and may not be an accurate description in relation to the affairs of a particular Shareholder.

### **7.5 TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER**

- (a) A Shareholder may quote its Tax File Number (**TFN**) or, where relevant, Australian Business Number (**ABN**) to the Company. If a TFN or ABN is not quoted, and no exemption is applicable, tax is required to be deducted by the Company from any dividends at the highest marginal tax rate (currently 47%) plus Medicare Levy (currently 1.5%).
- (b) No withholding requirement applies in respect of fully franked dividends paid by the Company on the ordinary Shares. Where the dividends are not fully franked and no TFN or ABN has been quoted, the Company would be required to withhold tax (at 48.5% as above) on that portion of the dividend which is not franked.

### **7.6 OTHER TAXES**

- (a) Whilst the ordinary Shares of the Company are admitted or admissible for Quotation on the ASX, no stamp duty or similar taxes are payable in Western Australia by a Shareholder in connection with the issue, purchase, conversion or redemption of the ordinary Shares.
- (b) Under current Australian law, there are no estate duties or other inheritance taxes payable in respect of the transmission of the ordinary Shares upon the death of a Shareholder.
- (c) Under current Australian law, goods and services tax will also not be payable in respect of any issue or transfer of ordinary Shares.



## 8. RISK FACTORS

This section identifies the areas the Directors regard as the major risks associated with the Company in carrying on investment activities in accordance with its Investment Objectives and Strategies.

Shareholders should be aware that an investment in the Company involves many risks which may be higher than the risks associated with an investment in other companies. The Company's Share price (when re-admitted to ASX) may be subject to significant volatility. While the Directors and Executives intend to use prudent management techniques to minimise the risks to Shareholders, no assurances can be given by the Company as to the success or otherwise of its investments or the market price at which the Shares may trade on ASX.

The following matters, as well as others described elsewhere in this Prospectus, should be considered in evaluating the activities of the Company and its prospects. Shareholders are advised to regard any investment in the Company as a speculative long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

### 8.2 INVESTOR CONSIDERATIONS

Before deciding to subscribe for Shares, Applicants should consider whether Shares are a suitable investment. There are general risks associated with any investment in the stock market. The value of Shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

There may be tax implications arising from the application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in the proposed Dividend Re-Investment Plan of the Company, participation in any on market share buy-back and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Shares, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

### 8.3 GENERAL RISKS

(a) There are numerous general widespread risks associated with investing in any form of business and with investing in the share market generally;

(b) The prices at which the Company's Shares trade may be volatile and could be subject to wide fluctuations depending upon a range of factors and stock market conditions, many of which are unrelated to the Company's investment or financial performance. Movements on international stock markets, short term or long term interest rates and exchange rates, commodity prices, domestic and international economic conditions as well as government, taxation and other policy changes may materially affect the stock market and/or the operating results of the Company;

(c) The profitability and success of the Company is highly dependent on the ability of the Directors and Executives to assess business risks and make appropriate investments. It cannot be expected nor is there any guarantee that an investment or investment decision of the Directors and Executives will prove to be the correct decision or prove to be profitable for the Company. In this regard, the Directors have no proven "track record" in investing the funds of the Company. The Company may accordingly incur significant losses in carrying out its investment objectives. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments;

(d) The Company's earnings and capital appreciation are also highly dependent on the proper exercise of the management skills of the Directors and Executives. There can be no guarantee that the Company will be able to retain its key Directors and Executives or, if those persons cease to be employed by the Company, that the Company will be able to attract and retain personnel of sufficient experience and expertise to manage the investment Portfolio of the Company. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments;

(e) The profitability and success of the Company is dependent on the earnings and capital appreciation of its investment Portfolio. Future earnings can be affected by many factors and policies beyond the control of the management. As a result, no guarantee can be given in respect of the future earnings of the

Company or the earnings and capital appreciation of the Company's investments;

**(f)** The future earnings of the Company and the value of the investments of the Company may be affected by the general economic climate, commodity prices, currency movements, changing government policy and other factors beyond the control of the Company. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments;

**(g)** No guarantee can be provided that the Company will be able to distribute income to Shareholders as this will depend on the extent to which income is derived by the Company from the underlying investments in the Portfolio;

**(h)** Any variation in the exchange rates could materially affect the operating results of the Company;

**(i)** Any variation in short and long-term interest rates could materially affect the operating results of the Company;

**(j)** Any variation in commodity prices could materially affect the operating results of the Company;

**(k)** The price of investments that the Company has purchased can fall as well as rise;

**(l)** Changes to government policy and legislation including taxation laws and the interpretation of those laws could materially affect the operating results of the Company or its ability to distribute profits in a tax effective manner. For example, the Company's understanding of the provisions in the Tax Law in relation to capital gains tax concessions may differ to the interpretation or application of those laws by government bodies.

**(m)** Accounting Standards may change which may necessitate a change in accounting policies in use by the Company.

**(n)** ASX imposes certain requirements on the continued admission of the Company to the Official List of the ASX. ASX may change the listing requirements and Shareholders cannot be assured that the Company will continue at all time to meet the requirements necessary to maintain listing on ASX. If ASX suspends trading of the Company's Shares, Shareholders will not be able to buy or sell Shares on ASX during the period of suspension. Furthermore, this suspension may eventually lead to a delisting of the securities of the Company on the ASX.

## 8.4 SPECIFIC RISKS

**(a)** The investment objectives of the Company in seeking a superior return on investments compared with relatively lower risk returns available from investments in cash, bills of exchange or negotiable instruments drawn or endorsed by a bank, non-bank financial institution or a government entail the adoption of an investment risk profile that may cause significant capital or income losses;

**(b)** The investment strategy allows for the use of derivatives, such as futures and options. Investing in derivatives gives rise to certain investment risks such as the inability to complete a futures contract or option caused by an illiquid secondary market and an imperfect correlation between the price movements of the futures contracts or options with price movements of the subject portfolio security. Further, the risk of loss in trading futures contracts is potentially great due to both the low margin deposits required and the high degree of leverage involved in futures pricing. Accordingly, a relatively small price movement in a futures contract may result in substantial loss to the Company;

**(c)** The selling or purchasing of an unhedged option or warrant runs the risk of losing the entire investment or of causing significant losses to the Company in a relatively short period of time;

**(d)** While the use of 'short sales' can substantially improve the return on invested capital, such use may also significantly increase any adverse impact to the Company;

**(e)** The Company's investment Portfolio is less diversified than the investment portfolios of companies undertaking investment activities;

**(f)** The price at which the Company's Shares are traded on ASX may be below the net asset backing of those Shares. The Constitution of the Company does not entitle Shareholders to require the Board to implement a Share buy-back or any other capital reconstruction or to take any other remedial action. However, the Company may undertake such initiatives as it deems appropriate from time to time in accordance with its capital management policy (refer Section 2.6);

**(g)** Some of the companies in which the Company will be investing funds will have a limited trading history or small capital base. Investment in entities in the micro-cap, resources, property and venture capital sectors involves risks that are greater than investment in larger entities or entities in other market sectors. While the development of sound risk management procedures and proper analysis of proposed investments can minimise the risks of investment

in such companies, the risks are material and significant;

**(h)** The resources sector can be highly speculative. The ability of the Company to benefit from investments in such sector will depend on correct investment decisions made by the Company and on market factors. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments.

Some of the risks pertaining to the resources sector are:

- World market prices for minerals based commodities are subject to many variables and may fluctuate widely.
- Revenues that investee companies may receive for minerals that may be exploited are also subject to fluctuation.
- Exploration is a speculative endeavour which might not result in finding economic deposits.
- Mining operations may be hampered by a variety of circumstances which may or may not be within the control of the investee companies and/or the Company.
- To the extent that investee companies have mining tenements, if the conditions imposed by licences and mining legislation are not complied with, there is the risk that the title to such tenements could be lost.
- Due to the high initial funding requirements of small and emerging exploration and mining companies, those companies often lack liquidity.
- Depending on the location of its exploration and mining activities, an exploration and/or mining company may be subject to political and other uncertainties, including risk of civil rebellion, expropriation, nationalisation, renegotiation or nullification of existing contracts, mining licences and permits or other agreements.
- It is possible that there may exist on tenements a form of native title which reflects the entitlement of the indigenous inhabitants to their traditional lands and could result in exploration/mining restrictions and/or claims for compensation. Australian native title is recognised and protected under the Native Title Act 1993 (Cth). There remains some uncertainty as to what Australian native title fully entails. Future Australian court decisions and legislation may increase or decrease the risks for investee companies,

the Company and Shareholders in relation to Australian native title issues. Equivalent native title issues may well arise in tenements held in other countries.

This above list of risk factors is not exhaustive of the risks faced by Shareholders.

The order of presentation of risk factors is not indicative of any weighting or relative importance of one risk factor over another.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Portfolio and the value of the Company's Shares.

Therefore, the Company's Shares carry no guarantee with respect to the payment of dividends, returns of capital or the future market value of those Shares.

Shareholders are advised in all circumstances to regard any investment in the Company as a speculative long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

Shareholders should read this Prospectus in full and, if they require further information on the material risks, seek professional advice.

## 9. ADDITIONAL INFORMATION

### 9.1 RIGHTS ATTACHING TO THE SHARES

All Offer Shares issued pursuant to this Prospectus will from the time they are issued, rank equally with all the Company's existing Shares.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

#### (a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for that Share.

#### (b) Dividend Rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of Shares in proportion to the number of Shares held by them. The Directors may also implement a dividend reinvestment plan or share bonus plan on terms they think fit (refer Section 5.5).

Any general meeting or the Directors determining a dividend may, by resolution, direct payment of the dividend wholly or partly by the distribution of

specific assets, including paid up shares in, or debentures of, or options over the shares of, the Company or any other body corporate, and the directors must give effect to that resolution. Where a difficulty arises in regard to a distribution of specific assets in such manner, the Directors may resolve the difficulty as they see fit.

The Directors may:

- (a) fix the value for distribution of the specific assets or any part of those assets;
- (b) determine that cash payments will be made to any Shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any of those specific assets in trustees;

as the Directors see fit.

#### (c) Return Of Capital

The Company may reduce its share capital by any means allowed by the Corporations Act, subject to the Company complying with the Listing Rules.

Any reduction in share capital may be made wholly or partly by way of an in specie distribution of specific assets, including paid up shares in, or debentures of, or options over the shares of, the Company or any other body corporate.

The Directors may:

- (i) fix the value for distribution of the specific assets or any part of those assets;
- (ii) determine that cash payments will be made to any Shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (iii) vest any of those specific assets in trustees;

as the Directors see fit.

Where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate:

- (i) the Shareholders are deemed to have agreed to become shareholders of that corporation and are bound by the Constitution of that body corporate; and
- (ii) each of the Shareholders appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document

required to give effect to the distribution of shares or other securities to that Shareholder.

#### **(d) Transfer of Shares**

Subject to the Constitution of the Company, the Corporations Act, and any other laws and SCH Business Rules and ASX Listing Rules, Shares are freely transferable. The Company may decline to register a transfer of shares in limited circumstances, such as where the transfer is not in registrable form.

#### **(e) Future Increases in Capital**

The allotment and issue of Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

#### **(f) Variation of Rights**

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

#### **(g) Rights on Winding Up**

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid shares held by them (and a partly paid share is counted as a fraction of a fully paid share equal to the amount paid on it, divided by the total issue price of the share).

#### **(h) Proportional Takeover Provision**

The Constitution prohibits the registration of shares under a proportional takeover scheme until a resolution approving the scheme has been passed by those persons entitled to vote on it at a general meeting. These provisions will cease to have effect at the end of three years beginning on the date the Constitution was adopted (on 28 November 2003) unless renewed in accordance with the Corporations Act.

## **9.2 INTERESTS OF EXPERTS AND ADVISORS**

Other than as set out below or elsewhere in this Prospectus:

- (a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:
  - (i) the formation or promotion of the Company;
  - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
  - (iii) the offer of Shares under this Prospectus,
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

*BDO Consultants (WA) Pty Ltd* will receive professional fees of approximately \$3,250 for preparing the Investigating Accountant's Report included in this Prospectus.

*BDO Consultants (WA) Pty Ltd* received professional fees of approximately \$7,395 to prepare the investigating accountant's report included in the unsuccessful capital raising by prospectus dated 1 August 2002 (refer Section 4.1(d) -).

*BDO, Chartered Accountants and Advisers*, act as auditors of the Company. The Company has paid and will pay BDO for auditing or related services in the normal course of business with the Company.

### 9.3 CONSENTS AND DISCLAIMERS

Each of the following parties:

- (a) has given the following written consents in accordance with the Corporations Act, which have not been withdrawn at the date of lodgement of this Prospectus with ASIC;
- (b) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties, other than as specified in this section;
- (c) has not made any statement on which a statement in this Prospectus is based, other than as specified in this section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

*BDO Consultants (WA) Pty Ltd* has given its written consent to being named Investigating Accountants and for the inclusion of its Investigating Accountants' Report in this Prospectus.

*BDO Chartered Accountants and Advisers* have given their written consent to being named Auditors of the Company.

*Advanced Share Registry Services* have given their written consent to being named Share Registrars of the Company.

This Prospectus contains various references to persons or companies. Unless otherwise stated, none of these persons or companies has consented to the inclusion of those references in this Prospectus.

## 10. GLOSSARY

Terms, acronyms and abbreviations used in this Prospectus have the following meaning:

<b>Accounting Standards</b>	Australian Accounting Standards Board Accounting Standards and any other accounting standards applicable to the Company pursuant to the Corporations Act and the ASX Listing Rules
<b>ABN</b>	Australian Business Number
<b>Anaconda</b>	Minara Resources Limited (formerly Anaconda Nickel Limited)
<b>Applicant</b>	A person who submits an Application
<b>Application</b>	An application for Shares pursuant to this Prospectus
<b>Application Form</b>	An application form in the form despatched to Eligible Shareholder with this Prospectus
<b>Application Limit</b>	\$4,999.50 (5,555 Shares), being the maximum amount that each Eligible Shareholder may subscribe for under the Offer
<b>Application Monies</b>	The Issue Price multiplied by the number of Shares applied for
<b>Associate</b>	Has the meaning given by Division 2 of the Corporations Act
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Stock Exchange Limited A.B.N. 98 008 624 691
<b>ASTC</b>	ASX Settlement and Transfer Corporation Pty Ltd A.B.N. 49 008 504 532
<b>ASTC Settlement Rules</b>	The settlement rules of ASTC at that time
<b>Board</b>	The board of directors of the Company
<b>Business Day</b>	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Perth, Western Australia
<b>CGT</b>	Capital gain tax, as defined in the Tax Law
<b>CHESS</b>	Stands for the Clearing House Electronic Subregister System and is as defined in the business rules of SCH
<b>Closing Date</b>	The date by which valid acceptances must be received by the Share Registry being 28 June 2004 or such other date as may be notified by the Company
<b>Company</b>	Central Exchange Limited A.B.N. 77 000 742 843
<b>Company Secretary</b>	The company secretary of the Company
<b>Constitution</b>	The corporate constitution of the Company
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Dollars or \$</b>	Australian dollars unless otherwise stated
<b>Director(s)</b>	A member of the Board, either individually or combined as the context requires
<b>DRP</b>	Dividend Reinvestment Plan
<b>Eligible Shareholder</b>	Shareholders registered as holders of Shares at the Record Date and whose address on the Company's Share register is in Australia or New Zealand
<b>Executives</b>	The officers (as defined in the Corporations Act) of the Company from time to time
<b>General Meeting</b>	The general meeting of the Company held on 4 June 2004
<b>Glossary</b>	This glossary in Section 10 of the Prospectus

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<b>GST</b>	Goods and services tax, consumption tax, value-added tax or any similar impost or duty which is or may be levied or becomes payable in connection with the supply of goods and services under the Tax Law or any other law or regulation
<b>Indicative Timetable</b>	The indicative timetable set out at page 3 of this Prospectus
<b>Investment Objectives and Investment Strategies</b>	The investment objectives and strategies and other matters in relation to the same as described in Section 2
<b>Issue</b>	The issue of Shares in accordance with this Prospectus
<b>Issue Price</b>	\$0.90 for each Share applied for under the Offer
<b>Juniper</b>	Juniper Resources Limited
<b>LIC</b>	Listed investment company, as defined in the Tax Law
<b>Listing Rules</b>	The listing rules of ASX
<b>Offer</b>	The offer of Shares pursuant to and in accordance with this Prospectus
<b>Offer Shares</b>	The Shares offered under the Offer
<b>Opening Date</b>	14 June 2004
<b>Murrin Murrin Project</b>	Anaconda's Murrin Murrin Nickel Project
<b>NTA</b>	Net tangible asset
<b>Official List</b>	The official list of ASX
<b>Portfolio</b>	The investment portfolio of the Company comprising investments undertaken in accordance with the Investment Objectives and Strategies, from time to time
<b>Prospectus</b>	This prospectus dated 11 June 2004 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time
<b>Quotation</b>	Quotation of a company's securities on the Official List
<b>Queste</b>	Queste Communications Limited A.B.N. 58 081 688 164
<b>Record Date</b>	In relation to the Offer, 5:00pm (WST) on 11 June 2004
<b>Settlement Deed</b>	The settlement deed between the Company and Anaconda dated 17 September 1996 as described in Section 4.1(b)
<b>SCH</b>	Stands for Securities Clearing House and means ASTC
<b>SCH Business Rules</b>	The business rules of SCH
<b>Security</b>	Has the same meaning as in section 92 of the Corporations Act
<b>Share</b>	A fully paid ordinary share in the capital of the Company
<b>Shareholders</b>	Holder of Shares
<b>Share Registry</b>	Advanced Share Registry Services
<b>Tax Law</b>	Income Tax Assessment Act 1936 (Cth), Income Tax Assessment Act 1997 (Cth) and Income Tax Rates Act 1986 (Cth) and other relevant Australian taxation legislation
<b>TFN</b>	Tax File Number
<b>VoIP</b>	Voice over Internet Protocol
<b>WST</b>	Western Standard Time, Perth, Western Australia



## 11. STATEMENT OF DIRECTORS

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that:

- (1) any statements made by the Directors in this Prospectus are not misleading or deceptive; and
- (2) in respect of any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that:
  - (a) those persons making the statement or statements were competent to make such statements;
  - (b) those persons having given their consent to those statements being included in the Prospectus in the form and context in which they appear and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

The issue of this Prospectus has been authorised by each of the Directors in accordance with section 720 of the Corporations Act. Each of the Directors has consented to the lodgement of this Prospectus with ASX and has not withdrawn that consent.

This Prospectus has been approved by unanimous resolution of the Directors of Central Exchange Limited.

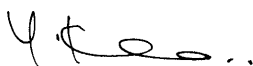
Dated: 11 June 2004



**William Johnson**  
Chairman



**Victor Ho**  
Executive Director



**Yaqoob Khan**  
Non-Executive Director



SA:AM:648

11 June 2004

The Directors  
Central Exchange Limited  
Level 14  
The Forrest Centre  
221 St Georges Terrace  
PERTH WA 6000

Dear Sirs

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

At the request of the Directors of Central Exchange Limited, ("**Central Exchange**" or "**the Company**"), this Report has been prepared for inclusion in a Prospectus to be dated on or around 11 June 2004 ("**the Prospectus**") for the issue of up to 4,094,035 ordinary shares at a price of \$0.90 under the Offer raising a maximum of \$3,684,632 before costs.

### 2. Background

The Company (under the name of Archean Mining Investments Limited) was first listed on the Australian Stock Exchange on 19 November 1970. Since then, it has experienced several changes in relation to its name, status and activities. In 1999 the Company changed its name from Central Bore NL to Central Exchange Limited and became a company limited by shares. Thereafter, Central Exchange's principal activities were in the telecommunications industry as a licensed telecommunications carrier. The Company retained an interest in mineral exploration through share investments in a number of exploration companies. The Company unsuccessfully sought to acquire Juniper Resources Limited and was suspended from ASX quotation on 30 July 2002 at which time approval for the acquisition was being sought. The ASX advised on 20 June 2003 that they would not readmit the Company to official quotation as the Company's level of operations was not sufficient to warrant the quotation of its securities.

The ASX has advised that prior to readmission to the official list of the ASX, the Company will be required to comply with the ASX Listing Rules. This includes seeking shareholder approval in relation to its activities and meeting the requirements of the Listing Rules as if it were applying for initial admission to the official list of the ASX.

### 3. Scope

You have requested BDO Consultants (WA) Pty Ltd to prepare an Investigating Accountant's Report in relation to the following financial information:

- ◆ Reviewed Consolidated Statement of Financial Position as at 31 December 2003;
- ◆ Reviewed Consolidated Statement of Financial Performance for the six month period 1 July to 31 December 2003;
- ◆ The Pro Forma Consolidated Statement of Financial Position as it would appear at 31 December 2003 assuming the following proposed subsequent transactions, referred to in Section 6, had taken place:

- a) A 2 for 1 share conversion, which was approved at the Company's General Meeting on 4 June 2004;
- b) The issue of 4,094,035 ordinary shares at \$0.90 per share under the Offer;
- c) The payment of a dividend of \$0.05 per share after the transactions above have occurred;
- d) The payment of expenses associated with the preparation and issue of the Prospectus. These have been netted off against the share capital raised.

The historical and pro forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

BDO Chartered Accountants and Advisers (Perth) have reviewed the financial statements of Central Exchange for the 6 months ended 31 December 2003. The review was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatements.

We have performed a review of the Pro Forma Consolidated Statement of Financial Position of the Company in order to ensure consistency in the application of applicable accounting standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and have made the necessary enquiries of management. Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. These procedures do not provide all of the evidence that would be required of an audit, thus the level of assurance provided is less than that provided by an audit and accordingly we do not express an audit opinion.

The Consolidated Financial Statements are prepared on a going concern basis. Accordingly, the amounts at which assets are disclosed in this Report do not purport to be amounts that would be realised if such assets were sold at the date of this Report.

#### **4. Opinion**

Based on our review of the Pro Forma Consolidated Statement of Financial Position, and the historical Consolidated Financial Statements, nothing has come to our attention that causes us to believe that the historical financial information of the Company is not drawn up so as to give a true and fair view of:

- ◆ The state of affairs of the Company and its controlled entities as at 31 December 2003; and
- ◆ The pro forma state of affairs of the Company and its controlled entities on the assumption that the transactions contemplated in the Prospectus are undertaken in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the accounting policies adopted by the Company and described in the notes to the accounts and on the basis of the assumptions set out in Section 6 below.

Neither BDO Chartered Accountants and Advisers (Perth) nor BDO Consultants (WA) Pty Ltd has been involved in the preparation of any other part of the Prospectus, and accordingly makes no representations or warranties as to the completeness and accuracy of the information in any other part of the Prospectus.

#### **5. Subsequent Events**

On 12<sup>th</sup> January 2004 Central Exchange received \$19,051,014 from Minara Resources Limited (formerly Anaconda Nickel Limited). This amount was recognised as a receivable in the Company's Statement of Financial Position as at 31 December 2003. At the Company's General

Meeting on 4 June 2004 shareholders approved a 2 for 1 share conversion such that every one share held by shareholders in the Company shall be converted into 2 shares in the Company.

As at 9<sup>th</sup> June 2004, the Company had cash reserves of \$18,250,511 and investments in listed resource securities with a market value of \$1,466,489.

To the best of our knowledge and belief there have been no material items, transactions or events subsequent to 31 December 2003 requiring further comment or adjustment to the content of this Report, or which would cause the information contained in this Report to be misleading.

## **6. Assumptions Adopted in Compiling the Pro Forma Consolidated Statement of Financial Position**

The Pro Forma Consolidated Statement of Financial Position after issue is shown in Appendix 2 to this Report. This has been prepared based on the reviewed Consolidated Financial Statements of the Company as at 31 December 2003 after taking into account the following transactions.

### **6.1 Capital Raising**

- ◆ The issue of 4,094,035 shares at \$0.90 under the Offer whereby eligible shareholders can subscribe for a maximum of 5,555 shares per shareholder.
- ◆ The payment of expenses associated with the preparation and issue of the Prospectus amounting to approximately \$20,000. These have been netted off against the share capital raised.

### **6.2 Dividend payment**

- ◆ Following the share conversion and issue of shares under the Offer a dividend of \$0.05 per share is to be paid to ordinary shareholders.

## **7. Disclosures**

BDO Consultants (WA) Pty Ltd is the licensed corporate advisory arm of BDO in Perth, and is wholly owned by partners of that firm.

Neither BDO Consultants (WA) Pty Ltd nor BDO (Perth), nor any partner or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Yours faithfully

**BDO Consultants (WA) Pty Ltd**



**Sherif Andrawes**

Director

## APPENDIX 1

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCES

	Notes	Six months ended 31 December 2003 \$	Year ended 30 June 2003 \$
Revenue from ordinary activities	2	19,137,029	58,641
Expenses from ordinary activities	3	(69,889)	(711,186)
Borrowing Expenses		(49,598)	-
Profit/(Loss) from ordinary activities before income tax expense		19,017,542	(652,545)
Income Tax relating to ordinary activities		-	-
Profit / (Loss) from ordinary activities after income tax		19,017,542	(652,545)

The Pro Forma Consolidated Statements of Financial Performance are to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements.

## APPENDIX 2

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

	Notes	Six months ended 31 December 2003 \$	Post Offer Pro Forma \$	Post Offer and Dividend Pro Forma \$
<b>CURRENT ASSETS</b>				
Cash assets	4	320,993	23,036,639	21,982,010
Receivables	5	19,058,554	7,540	7,540
<b>TOTAL CURRENT ASSETS</b>		<b>19,379,547</b>	<b>23,044,179</b>	<b>21,989,550</b>
<b>NON CURRENT ASSETS</b>				
Receivables	6	14,106	14,106	14,106
Investments	7	87,908	87,908	87,908
Plant and equipment	8	34,395	34,395	34,395
Other	9	6,064	6,064	6,064
<b>TOTAL NON-CURRENT ASSETS</b>		<b>142,473</b>	<b>142,473</b>	<b>142,473</b>
<b>TOTAL ASSETS</b>		<b>19,522,020</b>	<b>23,186,652</b>	<b>22,132,023</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	10	30,065	30,065	30,065
Current tax liabilities	11	875,884	875,884	875,884
<b>TOTAL CURRENT LIABILITIES</b>		<b>905,949</b>	<b>905,949</b>	<b>905,949</b>
<b>TOTAL LIABILITIES</b>		<b>905,949</b>	<b>905,949</b>	<b>905,949</b>
<b>NET ASSETS</b>		<b>18,616,071</b>	<b>22,280,703</b>	<b>21,226,074</b>
<b>EQUITY</b>				
Contributed equity	12	28,780,607	32,445,239	32,445,239
Reserves	13	2,124,000	2,124,000	2,124,000
Accumulated losses	14	(12,288,536)	(12,288,536)	(13,343,164)
<b>TOTAL EQUITY</b>		<b>18,616,071</b>	<b>22,280,703</b>	<b>21,226,074</b>
Total Issued Capital		8,499,263	21,092,561	21,092,561
Net Tangible Asset Backing per share		\$2.19	\$1.06	\$1.01

The Consolidated Statement of Financial Position as at 31 December 2003 is as per the Company's financial records as at that date. The Post Offer Pro Forma Statement of Financial Position is as per the Company's financial records as at 31 December 2003 adjusted for the transactions discussed in Section 5, 'Subsequent events' and Section 6.1: 'Capital Raising' of the Investigating Accountant's Report. The Post Offer and Dividend Pro Forma Statement of Financial Position is as per the Company's financial records as at 31 December 2003 adjusted for the Post Offer and transactions discussed in Section 6.2: 'Dividend Payment'. The Statement of Financial Positions are to be read in conjunction with the notes to and forming part of the financial statements set out in Appendix 3.

## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

##### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below. The historical financial information has been prepared in accordance with the requirements of the Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 and we have included such disclosure, as we consider necessary for the purposes of this Report. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

##### (a) Property Plant and Equipment

Property, plant and equipment are brought to account at cost or at independent or Directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed bi-annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their expected useful lives to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	13-40%
Office Furniture and Equipment	13-40%
Leasehold Improvements	20%

##### (b) Valuation of Non Current Assets

Non-current assets are written down to the recoverable amount where the carrying value of any non-current asset exceeds the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

##### (c) Investments

Investments in controlled entities are recorded at Directors' valuation based on the net tangible assets of each controlled entity.

Investments in entities, which are not controlled, are brought to account at cost or Directors' valuation.

The carrying amount of investments is reviewed bi-annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is

## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

assessed from the share's current market value or the underlying net assets in the particular entities. The expected net cash flows have not been discounted to their present values in determining the recoverable amounts.

#### **(d) Payables**

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

#### **(e) Income Tax**

The Consolidated Entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the operating profit from ordinary activities for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

#### **(f) Exploration, Evaluation and Development Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest, which are abandoned, are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.



## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

##### **(g) Revenue Recognition**

###### **(i) Sale of goods and disposal of assets**

Revenue is recognised when the Consolidated Entity has passed control of the goods or other assets to the buyer.

###### **(ii) Contributions of assets**

Revenue arising from the contribution of assets is recognised when the Consolidated Entity gains control of the contribution or the right to receive the contribution.

###### **(iii) Interest revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

##### **(h) Accounts Receivable**

These amounts represent amounts due and receivable by the Consolidated Entity as at the end of the financial year. The amounts are unsecured and are reviewed by Directors on a regular basis to ensure they are not in excess of the recoverable amount of the assets.

##### **(i) Principles of Consolidation**

The consolidated Financial Statements are prepared by combining the Financial Statements of all the entities that comprise the Consolidated Entity, being the Company and its controlled entities. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company. A list of controlled entities is contained in Note 7 to the Financial Statements.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

##### **(j) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) For receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.

## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

	<b>Six months ended 31 December 2003 \$</b>	<b>Year ended 30 June 2003 \$</b>
<b>2. REVENUE</b>		
The operating loss before income tax includes the following items of revenue:		
<b>Operating activities</b>		
Calls revenue	659	9,557
Settlement deed payment	19,051,014	-
Mining Royalties	-	351
Interest received - other	8,047	31,678
	<u>19,059,720</u>	<u>41,586</u>
<b>Non-operating activities</b>		
Proceeds from sale of assets:		
Plant and Equipment	-	43
Share investments	48,750	17,012
Revaluation of investments	28,559	-
	<u>77,309</u>	<u>17,055</u>
<b>Total revenue</b>	<u>19,137,029</u>	<u>58,641</u>
<b>3. OPERATING EXPENSES</b>		
<b>(i) Charging as expenses</b>		
Borrowing costs		
Interest paid - others	49,598	-
Total borrowing costs	<u>49,598</u>	<u>-</u>
Depreciation		
- Property plant and equipment	2,466	6,162
- Leasehold improvements	957	2,246
Cost of Investment Sold	5,391,434	20,148
Write Back of Diminution in value of investments	(5,384,934)	-
Diminution in value of investments	-	32,663
Costs of Intangibles	2,322,839	-
Write Back of Amortisation of intangibles	(2,322,839)	-
Exploration expenditure	5,469	-
Other provisions - Employee entitlements	-	253,261
Other expenses	54,497	396,706
	<u>69,889</u>	<u>711,186</u>

## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

	<b>Six months ended 31 December 2003 \$</b>	<b>Year ended 30 June 2003 \$</b>
<b>4. INCOME TAX EXPENSE</b>		
The prima facie income tax on operating loss is reconciled to the income tax provided in the accounts as follows:		
Loss from ordinary activities	19,017,542	(652,545)
Income tax expense calculated at 30% (2003:30%) of operating losses	5,705,263	(195,764)
<b>Permanent differences:</b>		
Other non-deductible items	431	15,003
Other deductible items	(15,010)	-
<b>Timing differences:</b>		
Other non-deductible items	5,208	-
Provision of doubtful debts	(29)	-
Other deductible items	(10,007)	6,044
Exploration expenditure	(1,819)	1,192,690
Diminution of investments (written back)	(1,624,048)	-
Prior year revenue losses brought to account	(2,296,594)	-
Prior year capital losses brought to account	(941)	-
Prior year revenue losses of controlled entities brought to account on tax consolidation	(161,000)	-
Capital losses of controlled entities brought to account on tax consolidation	(241)	-
Capital loss on termination of VoIP licence	(724,500)	-
Capital loss on share investments	(829)	-
Tax losses not brought to account	-	3,027,317
<b>Income tax expense attributable to operating profit</b>	<b>875,884</b>	<b>-</b>

## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

#### 4. INCOME TAX EXPENSE (continued)

The final deductibility of prior year losses for the current financial year is to be determined as at the end of the financial year, on 30 June 2004.

However, prior year losses have been brought to account at the 31 December 2003 balance date on the basis that they are notionally deductible as at the balance date (based on advice received by the Directors) and is assumed to continue to be deductible as at the end of the financial year on 30 June 2004.

Tax benefits, including the benefits associated with prior year losses of \$2,458,535 as at 31 December 2003 (which is equivalent to prior year tax losses of \$8,195,117), will only be obtained if, in relation to the financial year ended 30 June 2004:

- (i) there is assessable income of a nature and of an amount sufficient to enable the benefit from deductions to be realised;
- (ii) conditions for deductibility imposed by taxation legislation, including prior year revenue and capital losses, are complied with;
- (iii) the Company and its controlled entities have entered into tax consolidation on 29 June 2004; and
- (iv) no changes in taxation legislation adversely affect the realisation of the benefit from deductions.

#### 5. CASH

	<b>Six months ended 31 December 2003 \$</b>	<b>Post Offer and Dividend Pro Forma \$</b>
Cash at bank	320,993	21,982,010
Adjustments arising in the preparation of the pro forma cash balance are summarised as follows:		
Reviewed balance at 31 December 2003		320,993
Payment of receivable by Minara Resources Limited		19,051,014
Capital Raising Costs		(20,000)
Capital raised under the Offer		3,684,632
Pro forma Offer		23,036,639
Payment of a dividend \$0.05 per share		(1,054,628)
Pro forma Cash Balance		21,982,010

## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

	<b>Six months ended 31 December 2003 \$</b>	<b>Post Offer and Dividend Pro Forma \$</b>
<b>6. CURRENT RECEIVABLES</b>		
Amounts receivable		
Trade Receivables	84	84
Others	19,058,470	7,456
Total receivable	19,058,554	7,540
Adjustments arising in the preparation of the pro forma cash balance are summarised as follows:		
Reviewed balance at 31 December 2003		19,058,554
Payment of receivable by Minara Resources Limited		(19,051,014)
Pro forma Receivable Balance		7,540
<b>7. NON-CURRENT RECEIVABLES</b>		
Bonds and guarantees	14,106	14,106
<b>8. NON-CURRENT INVESTMENTS</b>		
Shares in listed companies at cost	41,981	41,981
Less: provisions for diminution	(45,927)	(45,927)
	87,908	87,908
The market value of these shares at 9 <sup>th</sup> June 2004 was \$94,590.		
<b>Investments in Controlled Entities:</b>		
Hume Mining NL – ownership 100%		
Central Exchange Operations Pty Ltd – ownership 100%		
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
Plant & Equipment	55,068	55,068
Less: Accumulated depreciation	(32,444)	(32,444)
	22,624	22,624
Leasehold Improvements	21,788	21,788
Less: Accumulated depreciation	(10,017)	(10,017)
	11,771	11,771
<b>Total Net Book Value</b>	<b>34,395</b>	<b>34,395</b>

### APPENDIX 3

## CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS

	<b>Six months ended 31 December 2003 \$</b>	<b>Post Offer and Dividend Pro Forma \$</b>
<b>10. OTHER NON CURRENT ASSETS</b>		
Deferred Exploration Expenditure Balance at 1 <sup>st</sup> July 2003	-	-
Expenditure	6,064	6,064
Balance at 31 December 2003	<u>6,064</u>	<u>6,064</u>
<b>11. ACCOUNTS PAYABLE</b>		
Trade creditors	8,633	8,633
Other creditors and accruals	21,432	21,432
	<u>30,065</u>	<u>30,065</u>
<b>12. CURRENT TAX LIABILITIES</b>		
Income tax payable	<u>875,884</u>	<u>875,884</u>
<b>13. CONTRIBUTED EQUITY</b>		
8,499,263 (Pro Forma: 21,092,561) fully paid ordinary shares	<u>28,780,607</u>	<u>32,445,239</u>
The movement in share capital is reconciled as follows:		
<b>Description</b>	<b>Number</b>	<b>\$</b>
Ordinary shares at 31 December 2003	8,499,263	28,780,607
2:1 Share conversion	8,499,263	-
Capital raising costs	-	(20,000)
Shares issued under the Offer	4,094,035	3,684,632
Pro forma Contributed Equity Balance	<u>21,092,561</u>	<u>32,445,239</u>

## APPENDIX 3

### CENTRAL EXCHANGE LIMITED AND CONTROLLED ENTITIES

#### NOTES TO THE FINANCIAL STATEMENTS

	Six months ended 31 December 2003 \$	Post Offer and Dividend Pro Forma \$
<b>14. RESERVES</b>		
Option Application Reserve	124,000	124,000
Asset Realisation Reserve	2,000,000	2,000,000
	<u>2,124,000</u>	<u>2,124,000</u>
<b>15. ACCUMULATED LOSSES</b>		
Balance at 31 December 2003	(12,288,536)	(12,288,536)
Payment of franked dividend	-	(1,054,628)
Pro forma balance	<u>(12,288,536)</u>	<u>(13,343,164)</u>

#### **16. CONTINGENT ASSETS AND LIABILITIES**

At the date of this Prospectus there are no contingent assets or liabilities that the Directors are aware of.

#### **17. RELATED PARTY DISCLOSURES**

##### **(i) Remuneration Of Directors**

As disclosed in the Company's 30 June 2003 Annual Report the Directors agreed to forgo their Directors' fees on 1 July 2003 to conserve the cash of the Company. The remuneration of William Johnson as General Manager (who is also the Company's Chairman) recommenced on 26<sup>th</sup> of January 2004. To the date of this Report total remuneration of \$49,808 has been paid to Mr Johnson.

##### **(ii) Transactions with Directors or Director Related Entities**

There have been no related party transactions since the 31<sup>st</sup> of December 2003.

#### **18. COMMITMENTS**

Applications have been made for exploration tenements but these have not been granted as at the date of this Report. Should these be granted the Company would be subject to minimum expenditure requirements on such tenements.

#### **19. INTERNATIONAL FINANCIAL REPORTING STANDARDS**

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards (IFRS). These changes will affect the way certain items are reported in the Company's financial statements. There are a number of IFRS that are pending and as such the changes cannot be quantified or described in full at this point in time. It is not expected that based on the IFRS information currently released that there would be a material impact on the financial statements of Central Exchange.

**CENTRAL EXCHANGE LIMITED**

A.B.N. 77 000 742 843

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221 St Georges Terrace  
Perth Western Australia 6000

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# APPLICATION FORM

Central Exchange Limited  
A.B.N. 77 000 742 843

**COMPLETE AND RETURN TO:**  
Central Exchange Limited  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth Western Australia 6000  
T | (08) 9213 9797  
F | (08) 9322 1515  
E | info@centralexchange.com.au  
W | www.centralexchange.com.au

## A. Shareholder Details

INSERT NAME AND ADDRESS HERE  
INSERT NAME AND ADDRESS HERE  
INSERT NAME AND ADDRESS HERE  
INSERT NAME AND ADDRESS HERE  
INSERT NAME AND ADDRESS HERE  
INSERT NAME AND ADDRESS HERE

Holder ID: []  
Sub-register: [CHESS or ISSUER]  
Shareholding at Record Date (11 June 2004): []

**Shareholders eligible to participate in the Offer are offered, and may apply for, Shares under the Prospectus as detailed below.**

## To be completed by an Eligible Shareholder

I/We apply for the number of ordinary Shares in Central Exchange Limited selected below at a price of \$0.90 per Share in accordance with the terms and conditions of the Offer under the Prospectus dated 11 June 2004 accompanying this Application Form. By making payment for the Shares applied for and lodging this form, duly completed:

- (a) I/we hereby authorise Central Exchange Limited to register me/us as the holder(s) of the ordinary Shares allotted to me/us pursuant to this Application Form and I/we agree to be bound by the constitution of Central Exchange Limited;
- (b) I/we acknowledge that I/we have read and understood the terms and conditions of the Offer under the Prospectus accompanying this Application Form and confirm that it does not in any way guarantee the capital value, income and/or performance of Central Exchange Limited's Shares.
- (c) I/we acknowledge that Central Exchange Limited may (subject to the Corporations Act and ASX Listing Rules) settle in any manner it deems appropriate, and disputes or anomalies which may arise in connection with or by reason of the operation of the Offer whether generally or in relation to any Applicant or Application for Shares. The decision of Central Exchange Limited will be conclusive and binding on all persons to whom the determination relates. Central Exchange Limited reserves the right (subject to the Corporations Act and ASX Listing Rules) to waive compliance with any provision of the Offer terms and conditions.

## B. I/We wish to purchase (please tick ONE box only):

Subscription	No. of shares	Tick
(Minimum) \$499.50	555	
\$999.00	1,110	
\$1,498.50	1,665	
\$1,998.00	2,220	
\$2,497.50	2,775	

Subscription	No. of shares	Tick
\$2,997.00	3,330	
\$3,496.50	3,885	
\$3,996.00	4,440	
\$4,495.50	4,995	
(Maximum) \$4,995.00	5,555	

## C. Cheque Details (print in CAPITAL letters)

Name of Drawer	Cheque No.	BSB	Amount
			\$

## D. Contact Details (in case we need to contact you)

Name	Daytime Telephone	After Hours Telephone
Email Address:		

A signature on this form is not required.

Offer Closing Date is 5:00pm (WST) on 28 June 2004

---

## How to Complete this Application Form

### Acceptance of the Offer

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with it, please consult your financial or other professional advisor.

#### A. REGISTRATION NAME(S)

Your name and address as it appears on the Company's Share Register at the Record Date (11 June 2005).

#### B. THE OFFER

You can apply for Shares to a maximum value of \$4,999.50 (5,555 Shares).

#### C. PAYMENT

Make your cheque or bank draft payable to "**Central Exchange Limited – Prospectus Account**" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian Bank. Money Orders purchased from Australia Post are also acceptable.

Complete the cheque details in the boxes provided. The total amount must agree with the amount you specify in section B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application Form being rejected.

Pin (do not staple) your cheque(s) to the Application Form.

Cash will not be accepted. Receipt for payment will not be forwarded.

#### D. CONTACT DETAILS

Please enter your contact details in case we need to contact you.

### LODGEMENT OF APPLICATION FORM AND PAYMENT

If you wish to apply for Shares under the Offer, your completed Application Form and cheque or bank draft must be received by the Company by the Closing Date - 5.00 pm (WST) on 28 June 2004:

Central Exchange Limited  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth Western Australia 6000

### QUESTIONS AND CONTACT DETAILS

If you have any questions regarding the content of this Prospectus or how to complete the Application Form, please contact:

- Your stockbroker, accountant, lawyer or independent financial adviser;
- The Company Secretary by telephone on (08) 9214 9797 or by email on [info@centralexchange.com.au](mailto:info@centralexchange.com.au)