CENTRAL EXCHANGE LIMITED

A.B.N 77 000 742 843

2004

ANNUAL REPORT

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CORPORATE DIRECTORY

BOARD
William Johnson (Executive Chairman)
Victor Ho (Executive Director)
Yaqoob Khan (Non-Executive Director)

COMPANY SECRETARY
Victor Ho

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Australian Stock Exchange
Perth, Western Australia

ASX CODE
CXL

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DIRECTORS' REPORT

The Directors present their report on Central Exchange and its controlled entities (the **"Consolidated Entity"**) for the year ended 30 June 2004 (**"Balance Date"**).

Central Exchange Limited (**"Company"** or **"Central Exchange"**) is a company limited by shares that is incorporated and domiciled in Australia and has been listed on the Australian Stock Exchange (**"ASX"**) since November 1970.

Central Exchange has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. Controlled entities are Central Exchange Operations Pty Ltd ABN 16 094 097 122 (controlled throughout the financial year) and Hume Mining NL ABN 52 063 994 945 (controlled throughout the financial year).

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the management of its investments, including investments in listed resource securities and the pursuit of resource exploration interests.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Consolidated Entity had ceased its telecommunications operations at the start of the financial year.

On 12 January 2004, the Company received $19,051,014 from Minara Resources Limited (formerly Anaconda Nickel Limited) (**"Anaconda"**) pursuant to the terms of payment under a settlement deed between Anaconda and Central Exchange dated 17 September 1996.

On 8 July 2004, the Company was re-admitted to ASX as an investment entity (as defined under the ASX Listing Rules). Information about the Company's Investment Objectives and Strategies and Activities and the implementation of the same is reported elsewhere in this Directors' Report.

There was no other significant change in the state of affairs of the Consolidated Entity during the financial year other than that referred to in this Directors' Report or the financial statements or notes thereto.

OPERATING RESULTS

	Consolidated Entity	
	2004	**2003**
Net profit (loss) before tax	$19,279,700	($652,545)
Income Tax expense	($1,003,436)	-
Net profit (loss) after tax	$18,276,264	($652,545)

EARNINGS PER SHARE

	Consolidated Entity	
	2004	**2003**
Basic earnings (loss) per share	$2.0652	($0.0789)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	8,849,761	8,271,394

Diluted earnings per share is not materially different from basic earnings per share

DIRECTORS' REPORT

.NET TANGIBLE ASSET BACKING

	Consolidated Entity 2004	2003
Net assets	$18,082,194	$474,413
Less intangible assets	-	-
Net tangible assets of the Consolidated Entity	$18,082,194	$474,413.00
Fully paid ordinary shares on issue at Balance Date	17,219,996	8,499,263
Net tangible asset backing per issued ordinary share as at Balance Date	$1.050	$0.056

DIVIDENDS

On 9 July 2004, the Company paid a 60% franked dividend of 5 cents per share, at a total cost of $861,000. Such amount has been provided for in the financial statements as at Balance Date.

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 was set for entitlement to such franked dividend with payment to be effected on or about 9 July 2004.

This 5 cents per share dividend (post 2:1 share conversion approved at general meeting held on 4 June 2004) is equivalent in cash terms to the 10 cent per share dividend announced on 18 February 2004 (pre 2:1 share conversion) if shareholders hold the same equivalent shares in the Company.

This change 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.

Shareholders who subscribed for shares under the Company's prospectus offer were entitled to receive such 5 cents per share franked dividend as the record date for such dividend was after the closing date and after the allotment date of shares subscribed for under the prospectus.

REVIEW OF OPERATIONS

1. REINSTATEMENT TO ASX

At the request of the ASX, the Company had been suspended from quotation on ASX since 30 July 2002. ASX had advised the Company that prior to reinstatement to ASX, Central Exchange was 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 on 4 June 2004 and the completion of the Prospectus (dated 11 June 2004) on 28 June 2004 facilitated the Company's plans to seek re-admission to ASX in this regard.

On 8 July 2004, the Company was re-admitted to ASX as an investment entity (as defined under the ASX Listing Rules). The Company's ASX code remains as "CXL."

DIRECTORS' REPORT

2. 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 (see below);

(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 an offer of shares pursuant to a prospectus (see below).

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.

3. CAPITAL RAISING BY PROSPECTUS

On 11 June 2004, the Company issued a prospectus for existing Australian and New Zealand shareholders at the record date (11 June 2004) to subscribe for up to 5,555 shares at an issue price of $0.90 per share (post 2:1 share conversion). Each eligible shareholder was therefore entitled to subscribe for shares under the offer to the application limit of $4,999.50.

The issue price as calculated by reference to the Company's after tax net tangible asset (**"NTA"**) backing per share and was set at a significant 18% discount to such audit reviewed NTA as at half-year ended 31 December 2003.

Such capital raising also facilitated the Company's re-compliance with the requirements of the ASX Listing Rules for re-admission to ASX as the issue of a prospectus was one of the key ASX pre-requisites for re-admission.

The prospectus closed on 28 June 2004 with applications received in respect of 221,470 shares, raising gross proceeds of $199,323.

Applicants under the prospectus were entitled to receipt of the 5 cent per share franked dividend paid on 9 July 2004.

4. ANACONDA NICKEL SETTLEMENT DEED PAYMENT

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

(1) 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;

(2) 3 years after the commissioning of a nickel/cobalt treatment plant of ore from the Murrin Murrin Project;

(3) 3 years after 250,000 tonnes of ore from the Murrin Murrin Project has been mined and treated;

(4) 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 Central Exchange 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 Central Exchange 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.

DIRECTORS' REPORT

5. TERMINATION OF LICENCE AGREEMENT

As reported in the 2003 Annual Report, 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 a licence agreement with Queste Communications Ltd (**"Queste"**) dated 4 June 1999, the Company gave notice of termination of the licence to operate the Queste VoiceNet System VoIP technology.

6. OTHER CORPORATE MATTERS

6.1 Adoption of New Constitution

At the Company's 2003 Annual General Meeting on 28 November 2003, shareholders approved a special resolution adopting a new constitution. Such new constitution is consistent with changes to the law introduced by the *Corporate Law Economic Reform Program Act* 1999 (Cth), the *Corporations Act* 2001 (Cth) and the ASX Listing Rules.

6.2 Change Of Name

Resolution 3 (Change of Name) at the Company's general meeting held on 4 June 2004 was withdrawn by the Directors from consideration at the general meeting. The Company noted that some shareholders had expressed their negative views on the choice of "Juniper Capital Limited" as the proposed new name for the Company. Resolution 3 was a special resolution and required approval by a 75% majority of those shareholders entitled to vote on the resolution. Proxy votes received were not in favour of Special Resolution 3 and accordingly, the Directors resolved to withdraw it from consideration at the general meeting. A new change of name will be sought at the Annual General Meeting of the Company.

DIRECTORS' REPORT

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.

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.

DIRECTORS' REPORT

PORTFOLIO ALLOCATION

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 Investment 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 and the Investment Committee (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 disclosed below.

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.

DIRECTORS' REPORT

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.

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.

DIRECTORS' REPORT

MANAGEMENT OF INVESTMENTS

The Company's implementation of its Investment Strategies in accordance with its Investment Objectives will be carried out by the Board of Directors and the Investment Committee (in conjunction with external consultants and advisers where appropriate).

Where necessary, the Investment Committee will 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.

The Investment Committee'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;
- 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.

At some time in the future, if it believes that it is in the best interests of the Company, the Board may chose 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).

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.

DIRECTORS' REPORT

CAPITAL MANAGEMENT POLICY

The Company will seek to actively manage its capital to maximise the capital return to shareholders, including, as is appropriate (having regard to the Company's future capital requirements for proposed investments and the financial position generally of the Company):

- 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)

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.

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 do not propose to implement a Dividend Reinvestment Plan in the near future given the current Company share price is trading at a significant discount to the Company's NTA backing.

SECURITIES IN THE COMPANY

The current number of the Company's fully paid ordinary shares on issue is 17,219,996.

The Company does not have other securities on issue at the date of this report.

On 11 June 2004, the Company's shares were converted on a 2 for 1 share from 8,499,263 to 16,998,526 shares.

On 29 June 2004, a further 221,470 shares were issued to subscribers under the Company's prospectus.

FUTURE DEVELOPMENTS

On 8 July 2004, the Company was re-admitted to ASX as an investment entity (as defined under the ASX Listing Rules). Information about the Company's Investment Objectives and Strategies and Activities and the implementation of the same is reported elsewhere in this Directors' Report.

Further information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this Directors' Report because the Directors believe it would be likely to increase in unreasonable prejudice to the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

To the extent that any aspect of the activities of the Consolidated Entity are subject to any environmental regulation under either Commonwealth or State legislation, the Directors are not aware of any breach by the Consolidated Entity of such regulations during or since the financial year.

DIRECTORS' REPORT

DIRECTORS

The names and particulars of all Directors in office during or since the financial year are:

(a) William M. Johnson

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.

(d) Farooq Khan - Appointed 4 October 1999 and resigned 1 July 2003 as Executive Chairman and Managing Director.

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the financial year (including Directors' circulatory resolutions), and the numbers of meetings attended by each Director of the Company:

Name of Director	Meetings Attended	Maximum Possible Meetings
William Johnson	18	18
Yaqoob Khan	17	17
Victor Ho	17	17
Farooq Khan	1	1

There were no meetings of committees of the Board during the financial year.

Audit Committee

As at the date of this Directors' Report, the Company did not have a separate designated Audit Committee. In the opinion of the Directors, the nature of the Company's activities does not warrant a separate committee to consider audit and accounting matters. These responsibilities are actively discharged by the Board of Directors as a whole.

Investment Committee

On 8 July 2004, the Board determined to establish an Investment Committee comprising Directors William Johnson and Victor Ho and Farooq Khan (a nominee of the Company's controlling shareholder, Queste Communications Limited). Farooq Khan was Chairman and Managing Director of the Company from 4 October 1999 until his resignation on 1 July 2003.

DIRECTORS' REPORT

DIRECTORS' RELEVANT INTEREST

The relevant interest of each Director in the issued securities of the Company at the date of this report is as follows:

Name	Ordinary shares
William Johnson	Nil
Victor Ho	Nil [(A)]
Yaqoob Khan	Nil [(A)]

(A) Messrs Yaqoob Khan and Victor Ho are also Director and Company Secretary respectively of Queste Communications Limited, a substantial shareholder in the Company with 48.221% of the Company's current issued share capital.

There were no securities granted to Directors or Executive Officers of the Company, during or since the financial year, pursuant to any executive or employee share or option plan or otherwise.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The Board determines the remuneration structure of all Directors and Executive Officers having regard to the Company's performance and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications.

Details of the nature and amount of each element of remuneration of each Director of the Company paid or payable by the Consolidated Entity during the financial year are as follows:

Remuneration of Directors

Name of Director	Office Held	Salary $	Fees $	Superannuation $	Other Benefits $	Total $
William Johnson	Chairman and General Manager	52,885	-	4,759	-	57,644
Victor Ho	Executive Director and Company Secretary	-	-	-	-	-
Yaqoob Khan	Non-Executive Director	-	-	-	-	-

Earlier in the financial year, the Directors had agreed to forgo their Directors' fees (effective 1 July 2003) in light of the low cash reserves of the Company and its suspended status on ASX. William Johnson resumed his General Manager's salary effective 26 January 2004 shortly after the Company received the $19 million payment from Anaconda. Remuneration for Messrs Yaqoob Khan and Victor Ho were reinstated upon the Company's re-admission to ASX (effective 12 July 2004).

The Company did not have any Executive Officers (excluding Executive Directors) during the financial year.

DIRECTORS' REPORT

DIRECTORS' INDEMNITIES

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the Corporations Act), 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 has not had during the financial year and does not currently have a directors' and officers' liability insurance policy which covers all Directors and officers of the Company and its wholly-owned subsidiaries.

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. The Company's Corporate Governance Statement is currently being updated and will be released in the 2004 Annual Report and posted on to the Company's website.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report (in particular, in Review of Operations) or the financial statements or notes thereto (in particular Subsequent Events Note 30), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' REPORT

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

William Johnson	**Victor Ho**
Chairman	Director

Perth, Western Australia

30 August 2004

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

		Consolidated Entity		Company	
		2004	**2003**	**2004**	**2003**
	Note	**$**	**$**	**$**	**$**
Revenue from ordinary activities	2(a)&(b)	19,931,538	58,641	19,930,879	49,084
Expenses from ordinary activities:	2(c)				
Cost of services		(13,013)	(54,288)	(10,085)	(10,000)
Personnel		(48,907)	(253,261)	(48,907)	(253,261)
Communications		(15,033)	(19,187)	(15,033)	(19,156)
Occupancy		(26,428)	(33,909)	(26,428)	(33,909)
Corporate		(30,645)	(26,835)	(30,645)	(26,835)
Financing		(1,316)	(3,824)	(990)	(3,036)
Borrowing cost		(148)	-	(148)	-
Investment cost		-	(44,651)	-	(44,651)
Administration expenses					
– consultants		(95,039)	(61,118)	(95,039)	(61,118)
– diminution of investments (written back)		5,384,934	(32,663)	5,384,934	(32,663)
– cost of investment sold		(5,730,214)	(20,148)	(5,730,214)	(20,148)
– exploration expenditure written back/ (off)		(1,301)	-	(1,301)	-
– provision for doubtful debts		-	-	(1,772)	(39,775)
– share issue costs		-	(78,563)	-	(78,563)
– other		(74,728)	(82,739)	(76,138)	(79,257)
Operating income/ (loss) from ordinary activities before income tax expense		19,279,700	(652,545)	19,279,113	(653,288)
Income tax relating to ordinary activities	3	(1,003,436)	-	(1,003,436)	-
Operating income/ (loss) from ordinary activities after income tax expense		18,276,264	(652,545)	18,275,677	(653,288)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		18,276,264	(652,545)	18,275,677	(653,288)
Basic earnings/(loss) per share (cents)	21	206.52	(7.89)	206.51	(7.90)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	21	8,849,761	8,271,394	8,849,761	8,271,394

The statements of financial performance should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2004

		Consolidated Entity		Company	
		2004	2003	2004	2003
	Note	$	$	$	$
CURRENT ASSETS					
Cash	25	18,107,239	414,156	18,107,239	411,374
Receivables	7	5,675	5,103	5,591	3,334
Other	8	-	5,304	-	5,304
TOTAL CURRENT ASSETS		18,112,914	424,563	18,112,830	420,012
NON CURRENT ASSETS					
Receivables	9	14,106	14,106	14,106	14,106
Investments	10	1,985,295	65,850	1,985,295	65,950
Property, plant and equipment	11	31,599	37,680	31,599	37,680
Intangibles	12	-	-	-	-
Other	13	24,031	-	24,031	-
TOTAL NON CURRENT ASSETS		2,055,031	117,636	2,055,031	117,736
TOTAL ASSETS		20,167,945	542,199	20,167,861	537,748
CURRENT LIABILITIES					
Payables	14	209,164	67,786	209,164	62,832
Provisions	15	861,000	-	861,000	-
Current tax liabilities	16	1,003,436	-	1,003,436	-
NON CURRENT LIABILITIES					
Provisions	17	12,151	-	12,151	-
TOTAL CURRENT LIABILITIES		2,085,751	67,786	2,085,751	62,832
NET ASSETS		18,082,194	474,413	18,082,110	474,916
EQUITY					
Contributed equity	18	28,973,124	28,780,607	28,973,124	28,780,607
Reserves	19	2,124,000	2,124,000	2,124,000	2,124,000
Accumulated losses	20	(13,014,930)	(30,430,194)	(13,015,014)	(30,429,691)
TOTAL EQUITY		18,082,194	474,413	18,082,110	474,916

The statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

		Consolidated Entity		Company	
		2004	2003	2004	2003
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		659	40,237	-	32,134
Settlement deed payment		19,051,014	-	19,051,014	-
Payments to suppliers and employees		(294,122)	(840,977)	(288,909)	(801,429)
Payments for exploration and evaluation work		(24,031)	-	(24,031)	-
Interest received		477,762	31,677	477,762	31,677
Interest paid		(148)	-	(148)	-
Dividends received		2,234	-	2,234	-
NET CASH IN/(OUT)FLOW FROM OPERATING ACTIVITIES	25(a)	19,213,368	(769,063)	19,217,922	(737,618)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for:					
Equity investments		(2,071,672)	-	(2,071,672)	-
Plant and equipment		(878)	(3,282)	(878)	(958)
Proceeds from sales of:					
Plant and equipment		-	43		43
Equity investments		359,748	17,012	359,748	17,012
Loans to controlled entities		-	-	(1,772)	(19,180)
NET CASH (OUT)/INFLOW FROM INVESTING ACTIVITIES		(1,712,802)	13,773	(1,714,574)	(3,083)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		199,327	-	199,327	-
Payment for share issue costs		(6,810)	-	(6,810)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		192,517	-	192,517	-
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		17,693,083	(755,290)	17,695,865	(740,701)
Cash at beginning of the financial year		414,156	1,169,446	411,374	1,152,075
CASH AT THE END OF THE FINANCIAL YEAR	25(b)	18,107,239	414,156	18,107,239	411,374

The statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

1. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework
The Financial Report is a general purpose Financial Report, which has been prepared and is based on historical costs in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.
The Financial Report has been prepared on an accrual basis and on the basis of historical costs, and except where stated does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies
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.
The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

1.1 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 (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 9 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.

1.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(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. Control of goods or assets is considered to be passed to buyer upon delivery of the assets to buyer or their agents.

(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.

(iv) Dividend Revenue
Dividend revenue is brought to account on the applicable ex-dividend entitlement date.

(v) Other revenue
Other revenue is recognised on a receipts basis.

1.3 Income Tax

The Consolidated Entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss statement is based on the operating profit from ordinary activities adjusted 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

1.3 Income Tax (contd.)

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 taxation 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.

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. The Company is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The entities within the tax consolidated group propose to enter into a tax sharing agreement to record the terms of their tax consolidation.

1.4 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.

1.5 Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave ("employee entitlements") when it is probable that settlement will be required and they are capable of being measured reliably. Employee entitlements are expected to be settled within one year and have been measured at their nominal amount. Other employee entitlements expected to be payable later than one year have been measured at the present value of the estimated cash flows to be made of those entitlements. Superannuation contributions are made by the Consolidated Entity in accordance with statutory obligations and are charged as expenses when incurred.

1.6 Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

1.7 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 Directors review investments bi-annually and where, in the opinion of the Directors, there have been a permanent diminution in value of an investment, the carrying amount of such an investment is written down to its net fair value. The net fair value is assessed from a listed investment's current market price or where unlisted or suspended, its net tangible asset value.

1.8 Property, Plant and Equipment

Property, plant & equipment are brought to account at cost, independently 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of such improvements. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

1.8 Property, Plant and Equipment (contd.)

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15% - 33.3%
Office Furniture and Equipment	15% - 20%
Leasehold Improvements	15%

1.9 Valuation of Non Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds 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.

1.10 Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

1.11 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 permit 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.

1.12 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.

1.13 Provision for dividends

In accordance with AASB 1044 "*Provisions, Contingent Liabilities and Contingent Assets*", a provision can only be made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year, but not distributed at balance date.

1.14 Financial Instruments Issued by the Company

(i) Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

1.15 Earnings Per Share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

1.16 Segment Reporting

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and AASB 1005 "*Segment Reporting".*

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions.

1.17 The Impact of Adopting International Accounting Standards

The Australian Accounting Standards Board is adopting the Standards of the International Accounting Standards Board for application to reporting periods beginning on or after 1 January 2005. Pending Accounting Standard AASB 1 "*First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*" prescribes transitional provision for first-time adopters.

Abas 1047 "*Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards*" required financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date and will apply for June 2004 reporting.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The Directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

(i) Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of timing and permanent differences between taxable income and accounting profit.

(ii) Non-Current Investments

Under the pending AASB 139 "*Financial Instruments: Recognition and Measurement*" financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with a review bi-annually by the Directors and valued at current market value to ensure it is not in excess of the recoverable amount of these investments.

The Company has off-market derivative investments such as call and put options which will be required to be disclosed at market value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

2. LOSS FROM ORDINARY ACTIVITIES

The operating loss from ordinary activities before income tax includes the following items of revenue and expense:

	Consolidated Entity		Company	
	2004	2003	2004	2003
(a) Operating revenue	$	$	$	$
Telecommunication revenue	659	9,557	-	-
Settlement deed payment	19,051,014	-	19,051,014	-
Mining royalties	-	351	-	351
Interest received	477,763	31,678	477,763	31,678
Proceeds from sale of investments	359,748	17,012	359,748	17,012
Dividend received	2,234	-	2,234	-
Net unrealised gains on revaluation of investments	40,120	-	40,120	-
	19,931,538	58,598	19,930,879	49,041
(b) Non-operating revenue				
Proceeds from sale of plant and equipment	-	43	-	43
Total revenue	19,931,538	58,641	19,930,879	49,084
(c) Operating expenses				
Cost of services	13,013	54,288	10,085	10,000
Occupancy expenses	26,428	33,909	26,428	33,909
Finance expenses	1,316	3,824	990	3,036
Borrowing cost	148	-	148	-
Corporate expenses	30,645	26,835	30,645	26,835
Administration expenses				
- Communications	15,033	19,187	15,033	19,156
- Consultants	95,039	61,118	95,039	61,118
- Other provisions: employee entitlements	10,806	253,261	10,806	253,261
- Personnel expenses	38,101	-	38,101	-
- Investment cost	-	44,651	-	44,651
- Cost of intangibles	2,322,839	-	2,322,839	-
- Write back of amortisation of intangibles	(2,322,839)	-	(2,322,839)	-
- Diminution (write back of diminution) of investments	(5,384,934)	32,663	(5,384,934)	32,663
- Cost of investment sold	5,730,214	20,148	5,730,214	20,148
- Write down investment in subsidiary	-	-	100	-
- Provision of doubtful debts	-	-	1,772	39,775
- Write off receivables	92	4	-	4
- Write back of provision for non-recovery of loans to subsidiary	-	-	(444,817)	-
- Write off loans to subsidiaries	-	-	448,194	-
- Exploration expenses	1,301	-	1,301	-
- Depreciation expenses	6,959	8,408	6,959	8,408
- Cost of assets sold	-	84	-	85
- Write down plant and equipment	-	2,324	-	-
- share issue costs	-	78,563	-	78,563
- Other	67,677	71,918	65,702	70,760
	651,838	711,185	651,766	702,372

(d) Sale of Assets

Sale of assets in the ordinary course of business have given rise to the following profits and losses:

Net Losses	Plant and equipment	-	(41)	-	(42)
	Share investments	(5,370,466)	(3,136)	(5,370,466)	(3,136)
		(5,370,466)	(3,177)	(5,370,466)	(3,178)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

3. INCOME TAX EXPENSE/ (BENEFIT)

(a) The prima facie income tax on operating loss is reconciled to the income tax provided in the accounts as follows:

	Consolidated Entity		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Profit/ (Loss) from ordinary activities	19,279,700	(652,545)	19,279,113	(653,288)
Income tax expense/ (benefit) calculated at 30% (2003:30%) of operating losses.	5,783,910	(195,764)	5,783,734	(195,986)
Permanent differences				
Other non-deductible items	1,606	15,003	1,606	19,955
Other deductible items	(1,501)	-	(1,501)	-
Timing differences				
Other non-deductible items	14,508	-	14,508	-
Provision for doubtful debts	-	-	532	-
Other deductible items	(10,007)	-	(10,007)	-
Exploration expenditure	(7,209)	-	(7,209)	-
Diminution of investments (written back)	(1,627,516)	-	(1,627,516)	-
Prior year revenue losses brought to account	(2,296,594)	-	(2,296,594)	-
Prior year capital losses brought to account	(941)	-	(941)	-
Prior year revenue losses of controlled entities brought to account on tax consolidation	(161,000)	-	(161,000)	-
Capital losses of controlled entities brought to account on tax consolidation	(241)	-	(241)	-
Capital loss on termination of licence	(690,000)	-	(690,000)	-
Capital loss on share investments	(829)	-	(829)	-
Tax effect of timing differences not brought to account	-		-	
Tax losses not brought to account	-	180,761	-	176,031
Income tax expense attributable to operating profit	1,004,186	-	1,004,542	-
Provision for deferred income tax	12,036		12,036	
Overprovision of income tax payable	(12,786)		(13,142)	
	1,003,436	-	1,003,436	-

Income tax benefits, including the benefits associated with prior year tax losses of $2,458,535 above (which is equivalent to prior year tax losses of $8,195,117), have been brought to account at Balance Date on the basis that they are deductible for income year ended 30 June 2004 (based on advice received by the Directors) and that:

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

4. DIRECTORS' AND EXECUTIVES' DISCLOSURES

(a) Names and positions held of parent entity directors in office at any time during the financial year are:

William M Johnson	Executive Chairman
Yaqoob Khan	Non-Executive Director
Victor P H Ho	Executive Director (appointed 4 July 2003) and Company Secretary
Farooq Khan	Chairman & Managing Director (resigned 1 July 2003)

(b) Specified Directors' Remuneration

2004	**Primary**	**Primary**	**Primary**	**Total**
Specified Directors	**Salaries & Fees**	**Superannuation**	**Other Benefits**	
	$	**$**	**$**	**$**
William M Johnson	52,885	4,759	-	57,644
Yaqoob Khan	-	-	-	-
Victor P H Ho	-	-	-	-
Farooq Khan	-	-	-	-
	52,885	4,759	-	57,644
2003				
Specified Directors				
Farooq Khan	122,790	11,051	-	133,841
William M Johnson	61,430	5,528	-	66,958
Yaqoob Khan	25,000	-	-	25,000
Antony W P Sage	16,667	1,500	15,000	33,167
Brett McKeon	10,577	952	-	11,529
H Shanker Madan	-	-	-	-
J F Stephenson	3,945	-	-	3,945
	240,409	19,031	15,000	274,440

The Directors have not received any post-employment remuneration or equity remuneration.

(c) Specified Executives' Remuneration
The parent entity does not have any specified executives (other than executive directors).

(d) Number of fully paid shares held by Parent Entity Directors

Specified Directors	**Balance at 1 July 2003**	**Balance at Appointment**	**Net Change Other**	**Balance at Resignation**	**Balance at 30 June 2004**
William M Johnson	-		-		-
Yaqoob Khan	4,198,112	-	11,100	-	8,407,334
Victor P H Ho	-	-	-	-	-
Farooq Khan	4,198,112	-	-	4,198,112	-

The above disclosures of equity holdings are in accordance with Accounting Standard AASB 1046 (Director and Executive Disclosure by Disclosing Entities) which includes disclosure of direct and indirect holdings of spouses, relatives, spouses of relatives and entities under the control or significant influence of each of the same. There are instances of some overlap between the disclosed holdings in this regard.

Also, the Company converted its ordinary shares on a 2 for 1 basis on 11 June 2004. The Net Changes occurred after the conversion.

(e) Remuneration Practices
The Company's policy for determining the nature and amount of emoluments to directors of the Company is as follows: The Board determines the remuneration structure having due regard to the Company's performance and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

5. AUDITORS' REMUNERATION

	Consolidated Entity		Company	
	2004	2003	2004	2003
Amounts received or due and receivable by:	$	$	$	$
(a) Auditor of the Consolidated Entity				
Auditing of the financial report	14,615	7,268	14,615	7,268
(b) Related practice of the Consolidated Entity Auditor				
Other services	3,250	-	3,250	-
	17,865	7,268	17,865	7,268

6. DIVIDENDS

60% franked ordinary dividend of 5 cents per share franked at the tax rate of 30%	861,000	-	861,000	-

Dividend was declared before the financial year end but was not distributed at balance date.

7. CURRENT RECEIVABLES

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
Trade receivables	-	840	-	-
Other receivables	5,675	4,263	5,591	3,334
	5,675	5,103	5,591	3,334

8. OTHER CURRENT ASSETS

Prepayments	-	5,304	-	5,304

9. NON-CURRENT RECEIVABLES

Amounts receivable from controlled entities	-	-	1,772	444,817
Less provision for non-recovery	-	-	(1,772)	(444,817)
	-	-	-	-
Bonds and guarantees	14,106	14,106	14,106	14,106
	14,106	14,106	14,106	14,106

10. NON-CURRENT INVESTMENTS

Investments comprise:				
Shares and options in listed companies	1,927,806	5,433,416	1,927,806	5,433,416
Revaluation/ (Provision for diminution)	57,489	(5,367,566)	57,489	(5,367,566)
Revaluation value (i)	1,985,295	65,850	1,985,295	65,850
Shares in controlled entities at cost	-	-	225,100	225,100
Less: provision for diminution	-	-	(225,100)	(225,000)
	1,985,295	65,850	1,985,295	65,950
Market value of listed share investments	1,979,934	65,850	1,979,934	65,850

(i) Shares in listed companies have been revalued at current market value at the Balance Date.

Investment in Controlled Entities:	Ownership interest	
	2004	2003
Hume Mining NL (ACN 064 994 945)		
Incorporated in Australia on 29 March 1994	100%	100%
This company is currently engaged in resource related activities.		
Central Exchange Operations Pty Ltd (ACN 094 097 122)		
Incorporated in Australia on 10 August 2000	100%	100%
This company is currently not engaged in any activities		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

11. PROPERTY, PLANT AND EQUIPMENT

Consolidated Entity	Plant & Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount	$	$	$
Balance at 30 June 2003	182,261	21,788	204,049
Additions	878	-	878
Balance at 30 June 2004	183,139	21,788	204,927
Accumulated Depreciation			
Balance at 30 June 2003	(157,309)	(9,060)	(166,369)
Depreciation expense	(5,050)	(1,909)	(6,959)
Balance at 30 June 2004	(162,359)	(10,969)	(173,328)
Net Book Value			
As at 30 June 2003	24,952	12,728	37,680
As at 30 June 2004	20,780	10,819	31,599

Company	Plant & Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount			
Balance at 30 June 2003	54,930	21,788	76,718
Additions	878	-	878
Balance at 30 June 2004	55,808	21,788	77,596
Accumulated Depreciation			
Balance at 30 June 2003	(29,978)	(9,060)	(39,038)
Depreciation expense	(5,050)	(1,909)	(6,959)
Balance at 30 June 2004	(35,028)	(10,969)	(45,997)
Net Book Value			
As at 30 June 2003	24,952	12,728	37,680
As at 30 June 2004	20,780	10,819	31,599

12. INTANGIBLES

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
VoiceNet System VoIP Licence - at cost	-	2,300,000	-	2,300,000
Internet Website	-	22,839	-	22,839
	-	2,322,839	-	2,322,839
Less: Accumulated Amortisation	-	(2,322,839)	-	(2,322,839)
	-	-	-	-

13. OTHER NON-CURRENT ASSETS

Deferred Exploration Expenditure				
Balance at beginning of the year	-	-	-	-
Direct expenditure (refer to Note 1.11)	24,031	-	24,031	-
Balance at end of the year	24,031	-	24,031	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

14. CURRENT PAYABLES

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
Trade creditors	5,256	257	5,256	257
Payables on purchase of investments	152,933	-	152,933	-
Other creditors - related parties	-	4,535	-	4,535
Other creditors and accruals	50,975	62,994	50,975	58,040
	209,164	67,786	209,164	62,832

15. CURRENT PROVISIONS

Dividend payable	861,000	-	861,000	-

5 cents per share and franked to 60% with a record date of 6 July 2004, ex-dividend entitlement date of 30 June 2004 and with payment effected on 9 July 2004.

16. CURRENT TAX LIABILITIES

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
Provision for income tax payable	991,400	-	991,400	-
Deferred tax liabilities	12,036	-	12,036	-
	1,003,436	-	1,003,436	-

17. NON-CURRENT PROVISIONS

Provision for annual leave	12,151	-	12,151	-
Number of employees (including Executive Directors and Officers) at balance date	2	3	2	3

18. CONTRIBUTED EQUITY

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
17,219,996 (2003: 8,499,263) fully paid ordinary shares	28,973,124	28,780,607	28,973,124	28,780,607
a) Movement in Ordinary Share Capital				
Balance at beginning of financial year	28,780,607	28,462,470	28,780,607	28,462,470
Issue of shares	199,327	300,000	199,327	300,000
Share issue costs	(6,810)	18,137	(6,810)	18,137
Balance at end of financial year	28,973,124	28,780,607	28,973,124	28,780,607

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

19. RESERVES

Option Application Reserve (i)	124,000	124,000	124,000	124,000
Asset Realisation Reserve (ii)	2,000,000	2,000,000	2,000,000	2,000,000
	2,124,000	2,124,000	2,124,000	2,124,000

(i) There were no movements during the year in the Option Application Reserve. The Option Application Reserve is due to consideration received for options issued that have not yet been exercised or have lapsed.

(ii) There were no movements during the year in the Asset Realisation Reserve. The Asset Realisation Reserve is due to realisation of revalued mining tenements realised in prior years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

20. ACCUMULATED LOSSES

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
Balance at beginning of the year	30,430,194	29,777,649	30,429,691	29,776,403
Net (profit)/loss	(18,276,264)	652,545	(18,275,677)	653,288
Provision for dividends	861,000	-	861,000	-
Balance at end of financial year	13,014,930	30,430,194	13,015,014	30,429,691

21. EARNINGS PER SHARE

	Consolidated Entity		Company	
	2004	2003	2004	2003
Basic earnings per share (cents)	206.52	(7.89)	206.51	(7.90)
Net profit/ (loss) for the year	18,276,264	(652,545)	18,275,677	(653,288)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	8,849,761	8,271,394	8,849,761	8,271,394

Diluted earnings per share is not materially different from basic earnings per share and therefore is not disclosed in the Financial Statements.

22. SEGMENT REPORTING

The Consolidated Entity operates in one geographical segment (Australia) in the investments and resources sectors.

	External Revenue		Operating Results	
	2004	2003	2004	2003
	$	$	$	$
Investments	402,102	17,012	56,822	(60,386)
Resources	19,051,014	351	19,049,713	351
Communications	659	9,557	(12,354)	(47,055)
	19,453,775	26,920	19,094,181	(107,090)
Unallocated	477,763	31,721	185,519	(545,455)
	19,931,538	58,641		
Profit from ordinary activities before income tax			19,279,700	(652,545)
Income tax expense relating to ordinary activities			(1,003,436)	-
Profit from ordinary activities after income tax			18,276,264	(652,545)

	Assets		Liabilities	
	2004	2003	2004	2003
	$	$	$	$
Investments	1,985,295	65,850	(152,933)	-
Resources	24,031	-	-	-
	2,009,326	65,850	(152,933)	-
Unallocated	18,158,619	476,349	(1,932,818)	(67,786)
	20,167,945	542,199	(2,085,751)	(67,786)

	Resources		Investments		Communications	
Other Segment Information	2004	2003	2004	2003	2004	2003
	$	$	$	$	$	$
Acquisition of segment assets	24,031	-	2,219,244	-	-	-
Other non-cash expenses						
Write down of segment assets	-	-	-	-	-	2,324
Revaluation/ diminution of investments	-	-	(5,425,054)	32,663	-	-

The resources segment in 2004 and 2003 derived revenues from mining royalties and pursuant to a settlement deed payment from Minara Resources Ltd (formerly Anaconda Nickel Ltd).

The communications segment derived its revenues from the provision of voice telecommunication services, which are no longer in operation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

23. DISCONTINUED OPERATIONS

On 4 July 2003, the Company announced that it had decided to discontinue the Central Exchange telecommunication operations due to the disappointingly low revenues generated since its commercial launch in August 2001 and the limited prospects for future growth. The telecommunications carrier's licence was not renewed on 1 July 2003. Furthermore, the VoiceNet System VoIP Licence was terminated on 12 December 2003.

The sales revenues and cost of services from such operations is disclosed in Note 2 and Note 21.

24. RELATED PARTY DISCLOSURES

The names of each person holding or having held the position of Director of the Company during the financial period are Messrs Yaqoob Khan, William Johnson, Victor Ho (appointed 4 July 2003) and Farooq Khan (resigned 1 July 2003).

During the financial year, there were transactions between the Company, Queste Communications Limited (a controlling entity of the Company) and Altera Capital Limited (being a personally-related entity of Director, Yaqoob Khan and former Director, Faooq Khan), pursuant to shared office and administration expense arrangements on a cost recovery basis.

Transactions with Controlled Entities

During the financial year, the Company incurred operating expenses on behalf of Central Exchange Operations Pty Ltd ("CXO") and Hume Mining NL ("Hume"), wholly owned subsidiaries of the Company. With the discontinuation of operations in CXO, the total amount owed to the Company has been written off while the Company has written off debt owed by Hume up to 31 December 2003. The following amount remain outstanding at balance date. Interest is not charged on such outstanding amount.

Entity	Amounts Outstanding
	$
Hume Mining NL	1,772

25. STATEMENT TO CASH FLOWS

(a) Reconciliation of Loss from Ordinary Activities after Tax to Net Cash Flows from Operations

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
Operating profit/(loss) from ordinary activities after tax	18,276,264	(652,545)	18,275,677	(653,288)
Depreciation - plant & equipment	6,959	8,408	6,959	8,408
Write down investment in subsidiary	-	-	100	-
Write off plant and equipment	-	2,324	-	-
Provision for doubtful debts	-	-	1,772	39,775
Write off receivables	92	4	-	4
Revaluation of investments	(40,120)	-	(40,120)	-
Provision for diminution	(5,384,934)	32,663	(5,384,934)	32,663
Gain on sale of investments	5,370,466	3,136	5,370,466	3,136
Gain on sale of assets	-	41	-	42
Cost of intangibles	2,322,839	-	2,322,839	-
Write back of amortisation of intangibles	(2,322,839)	-	(2,322,839)	-
Issue of shares in lieu of technical fees	-	300,000	-	300,000
Increase in income tax payable	991,400	-	991,400	-
Increase in deferred income tax	12,036	-	12,036	-
(Increase)/decrease in assets:				
Current receivables	(573)	56,624	(2,257)	55,169
Other current assets	5,212	-	5,304	-
Other non current assets	(24,031)	-	(24,031)	-
Increase/(decrease) in liabilities:				
Current payables	(11,554)	(515,082)	(6,601)	(518,891)
Other current liabilities	12,151	(4,636)	12,151	(4,636)
Net cash flows from operating activities	19,213,368	(769,063)	19,217,922	(737,618)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

25. STATEMENT TO CASH FLOWS (CONTD.)

(b) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
Cash at bank	1,668,094	414,156	1,668,094	411,374
Bank bills	16,439,145	-	16,439,145	-
	18,107,239	414,156	18,107,239	411,374

26. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate (less than 1 year)	Non-Interest Bearing	Total
		$	$	$	$
2004					
Financial assets					
Cash	5.16%	18,107,239	-	-	18,107,239
Receivables		-	-	19,781	19,781
Investments		-	-	1,985,295	1,985,295
		18,107,239	-	2,005,076	20,112,315
Financial liabilities					
Payables		-	-	(209,164)	(209,164)
Net financial assets		18,107,239	-	1,795,912	19,903,151
2003					
Financial assets					
Cash	4.05%	414,156	-	-	414,156
Receivables		-	-	19,209	19,209
Investments		-	-	65,850	65,850
		414,156	-	85,059	499,215
Financial liabilities					
Payables		-	-	(67,786)	(67,786)
Net financial assets		414,156	-	17,273	431,429

Reconciliation of net financial assets to net assets	**2004**	**2003**
Net financial assets as above	19,903,151	431,429
Non-financial assets and liabilities		
Property, plant and equipment	31,599	37,680
Other current assets	-	5,304
Other non-current assets	24,031	-
Current tax liabilities	(1,003,436)	-
Provisions	(873,151)	-
Net Assets per Statements of Financial Position	18,082,194	474,413

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004

26. FINANCIAL INSTRUMENTS (CONTD.)

(b) Credit Risk Exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Consolidated Entity does not have any significant credit risk exposure to any single counterparty or any group counterparties having similar characteristics. The carrying amount of financial assets recorded in the Financial Statements, net of any provisions for losses, represents the Consolidated Entity's maximum exposure to credit risk.

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of the financial assets and financial liabilities approximates their carrying value except for Listed Investments, details of which are set out in Note 10.

27. LEASE COMMITMENTS

	Consolidated Entity		Company	
	2004	2003	2004	2003
	$	$	$	$
Non-cancellable operating lease commitments:				
Not longer than one year	129,972	-	129,972	-

The lease is in relation to the office premises of the Company and includes all outgoings. Such expenditure is shared equally with other companies, including Queste Communications Ltd (a controlling entity) pursuant to shared office and administration expense arrangements.

28. CONTINGENT LIABILITIES AND ASSETS

The Consolidated Entity does not have any contingent assets or liabilities as at 30 June 2004.

29. FRANKING ACCOUNT

The Company does not presently have a franking account but expects to have a credit balance upon payment of income tax for the year ended 30 June 2004.

The 60% franked 5 cent per share dividend paid on 9 July 2004 will give rise to a debit of $221,400 in the Company's franking account.

The Directors expect the former credit will be sufficient to cover the latter debit as at 30 June 2005.

30. SUBSEQUENT EVENTS

(a) On 9 July 2004, the Company paid a 60% franked dividend of 5 cents per share, at a total cost of $861,000. Such amount has been provided for in the financial statements as at Balance Date.

(b) On 8 July 2004, the Company was re-admitted to ASX as an investment entity (as defined under the ASX Listing Rules).

(c) Since the Balance Date, the Company has undertaken investments in listed securities principally in the resources sector at a net cost of $2.75 million.

DIRECTORS' DECLARATION

The Directors declare that:

(1) The attached financial statements and notes thereto comply with Accounting Standards;

(2) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and Consolidated Entity;

(3) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

(4) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

William Johnson
Chairman

Victor Ho
Director

Perth, Western Australia

30 August 2004

BDO

Chartered Accountants
& Advisers

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CENTRAL EXCHANGE LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Central Exchange Limited (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Central Exchange Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

BDO
Chartered Accountants

B. McVeigh

BG McVeigh
Partner

Perth, Western Australia
Dated this 31st day of August 2004

CORPORATE GOVERNANCE

Framework and Approach to Corporate Governance and Responsibility

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (**"Council"**). The Company's practices are largely consistent with the Council's guidelines - the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board.

As consistency with the guidelines has been a gradual and on-going process, where the Company did not have certain policies or committees recommended by the Council in place during the year, the Board has identified such policies or committees. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole.

Details of all of the Council's recommendations can be found on the ASX website at http://www.asx.com.au/about/CorporateGovernance_AA2.shtm.

Role of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Matters typically dealt with by committees such as audit, nominations and remuneration are dealt with by the full Board as, in view of the current composition of the Board (which comprise 3 members, being an Executive Chairman and an Executive Director (also the Company Secretary) and one Non-Executive Director) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

1. formulation and approval of the strategic direction, objectives and goals of the Company;
2. the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
3. the resourcing, review and monitoring of Executive Management;
4. ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
5. the identification of significant business risks and ensuring that such risks are adequately managed;
6. the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;
7. the establishment and maintenance of appropriate ethical standards;
8. responsibilities typically assumed by an audit committee including:
   - 8.1. reviewing and approving the audited annual and audit reviewed half yearly financial reports;
   - 8.2. reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;
9. responsibilities typically assumed by a remuneration committee including:
   - 9.1. reviewing the remuneration and performance of both Executive and Non-Executive Directors;

CORPORATE GOVERNANCE

9.2. setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executive's performance, including, setting goals and reviewing progress in achieving those goals;

9.3. reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes.

10. responsibilities typically assumed by a nomination committee including:

10.1. devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors;

10.2. Oversight of Board and Executive succession plans.

Composition of the Board

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and the scale and nature of the Company's activities. The names of the Directors and their qualifications and experience are stated in the Directors' Report.

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board should contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and Director-level business or corporate experience, having regard to the scale and nature of activities of the Company.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The Board presently has one Non-Executive Director.

An Independent Director, in the view of the Company, is a Non-Executive Director who:

1. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
2. within the last 3 years has not been employed in an Executive capacity by the Company , or been a Director after ceasing to hold any such employment;
3. within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company , or an employee materially associated with a service provider;
4. is not a material supplier or customer of the Company , or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the Company other than as a Director of the Company;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr William Johnson (Executive Chairman) and Mr Victor Ho are not regarded as independent Directors, being Executive Officers of the Company (Mr Ho is also Company Secretary of the substantial shareholder of the Company). Mr Yaqoob Khan is not regarded as an independent Director, being a Director of the substantial shareholder of the Company

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of a majority of independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of Directors required for the Board to properly perform its responsibilities and functions.

CORPORATE GOVERNANCE

The Board will also consider nominations for appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

Executive Management

The Company presently has two Executive members - being the Executive Chairman, Mr William Johnson and Executive Director and Company Secretary, Mr Victor Ho.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an independent Non-Executive Chairman.

The Company does not presently have a Managing Director or Chief Executive Officer, who would otherwise be responsible and accountable to the Board for the Company's management.

Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and Executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to Directors individually regarding their role as a Director.

Terms of Appointment as a Director

The current Directors of the Company have not been appointed for fixed terms. 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 election, whichever is longer, without submitting himself for re-election. One third of the Directors (save for a Managing Director) 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.

The Board may appoint one or more Directors to the office of Managing Director for the period, and on the terms (including as to remuneration), the Board sees fit.

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.

It is also recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

Meetings of the Board

The Chairman and Company Secretary schedules monthly formal Board meetings (subject to the availability of Directors and appropriate matters for formal Board consideration). In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled monthly meetings. Circulatory Resolutions are also utilised where appropriate either in place or in addition formal Board meetings. Board meetings are held predominantly by telephone conferencing as not all Directors are resident in the one city. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

CORPORATE GOVERNANCE

Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and Executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Independent Professional Advice

Subject to prior consultation with the Chairman, 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.

Conflicts of Interest

Directors must:

1. disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
2. if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

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.

Directors' Deeds

The Company has 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.

CORPORATE GOVERNANCE

- 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 a directors' and officers' liability insurance policy which covers all Directors and officers of the Company and its wholly-owned subsidiaries.

Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, Executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives and employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

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 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Committees

In view of the current composition of the Board (which comprise two Executive and one Non-Executive Directors) and the nature and scale of the Company's 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). That is, matters typically dealt with by an audit, nominations and remuneration committee are dealt with by the full Board. Please refer to Role of the Board above for further information.

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.

CORPORATE GOVERNANCE

Attestations by CEO and CFO

It is the Board's policy that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing off on the financial reports of the Company. However, as at the date of this Annual Report the Company does not have a designated CEO or CFO. The Board however notes that the Company Secretary and Company Accountant provides appropriate similar attestations prior to the Board signing off on the financial reports of the Company.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified and experienced Executives and employees.

Remuneration Policy

The Board determines the remuneration structure of all Directors and Executives having regard to the Company's performance and scope of operations and other relevant factors, including the frequency of Board meetings, length of service, particular experience and qualifications and competitive market and industry levels of remuneration for Directors and Executives targeted by the Board.

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.

The sole Non-Executive Director of the Company is currently paid a base remuneration of $25,000 per annum inclusive of employer superannuation contributions where applicable. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

The Company is committed to remunerating its senior Executives (including Executive Directors) in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of a senior Executive may comprise the following components:

1. fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
2. a performance bonus (including participation in profits of the Company or of any other company in which the Company is interested or in a percentage of any increase in the market capitalisation of the Company) designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
3. participation in any share/option scheme with thresholds approved by shareholders;
4. statutory employer superannuation; or
5. by any or all of the above modes but may not be by way of commission on or percentage of operating revenue of the Company.

Remunerating senior Executives through performance and long-term incentive plans in addition to their fixed remuneration aligns the interests of senior Executives with those of shareholders in relation to the Company's performance.

The Company currently has two Executive Directors – both are currently remunerated by way of fixed salary plus statutory employer superannuation.

In addition to the remuneration outlined above:

- 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.

CORPORATE GOVERNANCE

Full details regarding the remuneration of Directors and Executives are included in the Directors' Report and notes to the financial statements of the 2004 Annual Report.

Code of Conduct and Ethical Standards

The Company is not of a size that warrants the establishment of a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. However, the Company's policies are focussed on ensuring that all Directors, Executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

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:

1. Monthly reports of its net tangible asset backing per share at month end;
2. The Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
3. The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
4. The Half-Yearly Directors' and Financial Reports;
5. Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders.

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements may be viewed and downloaded from its website: www.centralexchange.com.au or the ASX website: www.asx.com.au under ASX code "CXL". The Company also maintains an email list for the distribution of the Company's announcements via email in a timelier manner.

Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

STOCK EXCHANGE INFORMATION
as at 21 October 2004

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	175	91,663	0.532%
1,001- 5000	213	557,443	3.237%
5,001- 10,000	121	925,461	5.374%
10,001 – 100,000	141	4,365,964	25.354%
100,001 and over	8	11,279,465	65.502%
Total	**658**	**17,219,996**	**100%**

Marketable Parcel

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 833	144	61,634	0.357
834 and over	514	17,158,362	99.642
TOTAL	**658**	**17,219,996**	**100%**

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding valued at $500 or less in total, based upon the Company's closing share price on 21 October 2004 of $0.60 per share.

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:

- Each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- On a show of hands, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder has one vote;
- On a poll, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder shall, in respect of each fully paid share held by such person, or in respect of which such person is appointed a proxy, attorney or corporate representative, have one vote for that share; and

STOCK EXCHANGE INFORMATION
as at 21 October 2004

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LTD	8,303,779	48.221 *
2	DR ABE ZELWER <ZELWER SUPER FUND A/C>	701,914	4.076
3	BLACKMORT NOMINEES PTY LTD <37403 A/C>	606,402	3.521
4	FAST SCOUT LIMITED	515,000	2.990
5	SANDSTONE SECURITIES PTY LTD	491,000	2.851
6	PERMANENT TRUSTEE AUSTRALIA LIMITED <MRI0001 A/C>	350,000	2.032
7	ACN 064 309 842 PTY LTD	210,500	1.222
8	VISIOMED AUSTRALASIA PTY LTD	100,870	0.585
9	RAG & BONE SECURITIES PTY LTD <WOOLLARD FAMILY A/C>	100,000	0.580
10	MR RODNEY MALCOLM JONES & MRS CAROL ROBIN JONES <HOPERIDGE ENT P/L SUPER A/C>	100,000	0.580
11	MR JAU-TSAI WU & MRS DIJAH SUTONO	98,134	0.569
12	BONOS PTY LTD	85,600	0.497
13	MR JOHN DAVID SERGEANT	85,000	0.493
14	MR JOHN GORDON KELLAS	80,000	0.464
15	MR KING KONG CHAI	76,164	0.442
16	REMJAY INVESTMENTS PTY LTD	75,000	0.435
17	RIALC PTY LIMITED	75,000	0.435
18	REGAL LIGHT PTY LTD <WHEELER SUPERANNUATION FUND>	70,000	0.406
19	ARREDO PTY LTD	70,000	0.406
20	JIT INVESTMENTS PTY LTD <GOLDEN RIDGE SUPERFUND A/C>	67,382	0.391
	Total	**12,261,745**	**71.195%**

* Substantial shareholder of the Company

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