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Friday, 22 August 2003

JOINT MARKET ANNOUNCEMENT

UPDATE ON ANACONDA SETTLEMENT DEED PAYMENT

Overview

Queste Communications Ltd ("**Queste**") and its 48.817% controlled entity Central Exchange Ltd ("**Central Exchange**") are pleased to provide an update on the status of Central Exchange's \$18,937,738 (as indexed by United States Consumer Price Index ("**US CPI**")) contingent asset – being a settlement deed amount payable by Anaconda Nickel Ltd ("**Anaconda**") to Central Exchange.

As previously disclosed to the market, the broad terms of payment is linked to the London Metals Exchange Nickel ("**LME**") nickel price with payment contingent upon the 12 month LME average nickel price exceeding the present "trigger price" of US\$4.08 per pound.

Queste and Central Exchange are pleased to advise that:

- (i) The current LME nickel price of US\$4.34 per pound (US\$9,570 per tonne) is in excess of the present "trigger price" of US\$4.08 per pound (US\$8,992 per tonne);
- (ii) The 12 month average LME nickel price to 21 August 2003 was ~US\$3.61 per pound;
- (iii) Accordingly, the present "gap" between the "trigger price" and 12 month LME average nickel price is US\$0.47 per pound;
- (iv) This "gap" was US\$0.94 on 31 December 2002, US\$0.60 on 30 June 2003 and has fallen by US\$0.10 in the past month (please also refer to chart in Annexure A);
- (v) A number of market forecasts for nickel for the next 12 months indicate a strong demand for nickel and consequently a positive outlook for nickel prices.

Whilst Queste and Central Exchange are pleased with the current direction of nickel prices, the perceived outlook for the future and the possibility of payment by Anaconda of the contingent sum of \$18,937,738, they caution against the market placing any certainty of payment for a number of reasons including but not limited to:

- (i) There is no certainty that nickel prices will maintain or increase from their current levels;
- (ii) There is a significant possibility that nickel prices may decrease in the future;
- (iii) The requirement for nickel to maintain an average price for a 12 month period, by its nature, requires a long term position to be adopted compared with only relatively recent increases in the nickel price;
- (iv) The current "trigger price" of US\$4.08 per pound is linked to US CPI and if US CPI increases, such "trigger price" will be revised upwards, potentially increasing the "gap" between the "trigger price" and the 12 month LME average nickel price, notwithstanding that nickel prices may have also increased over the same period.

Accordingly, Central Exchange continues to treat this payment as a contingent asset only with no current certainty of payment.

The foregoing also sets out the broad and general terms of this contingent asset. Set out below is a more detailed summary of these matters.

Review Dates

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 - \$18,937,738 as indexed by the US CPI (non-seasonally adjusted all urban consumers for all items) from September 1996 to August 2003) ("**Agreed Amount**") on the earlier of certain Review Dates defined as follows:

- (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.

Anaconda Position

Anaconda, in its 2002 Annual Report at Note 31 (Contingent Assets and Liabilities) of the notes its financial statements, makes the following statements about this matter:

"Under a settlement agreement with Central Exchange Limited (formerly Central Bore Nickel NL, "Central Exchange") the Murrin Murrin Joint Venture may be required to pay \$16.25m (subject to escalation for inflation based on USA consumer price index) to Central Exchange. The payment is dependent upon several factors. The first factor is that the Review Date as defined under the settlement contract is triggered.

Anaconda considers that the Review Date, as defined in the Deed, whereby Anaconda is required to consider whether any monies are payable to Central Exchange under the Deed occurred on 28 September 2002. On that date, Anaconda was required to calculate the LME average nickel price for the preceding 12 months and, only if that price is above \$US3.50lb indexed, will Anaconda have the pay \$16,250,000 (indexed from September 1996 to September 2002).

The trigger price was not met on 28 September 2002 and therefore Anaconda is required to repeat the process each month until the trigger price is exceeded and the money becomes payable to Central Exchange."

On 8 October 2002, Anaconda formally advised Central Exchange in writing that it considered the Review Date was 29 September 2002. Anaconda did not provide any explanation as to the basis for this determination. However, Central Exchange notes that in its 2001 and 2000 annual reports, Anaconda stated that the Review Date was triggered with the mining of 250,000 tonnes of ore on 12 September 1999 and that the Review Date was therefore 12 September 2002.

Therefore, based on Anaconda's view which Central Exchange does not concede, the Agreed Amount is due and payable by Anaconda at the Review Date of 12/28 September 2002 (to be reconciled by Anaconda) (or at each subsequent month thereafter) if the average LME Nickel daily settlement price ("**LME Average Nickel Price**") in the 12 months prior to 12/28 September 2002 (or each subsequent month) exceeds the trigger price of US\$3.50 per pound as indexed by the US CPI ("**Trigger Price**").

In this regard, on 8 October 2002, Anaconda advised Central Exchange formally that the LME Average Nickel Price in the 12 months to 28 September 2002 was US\$2.84 per pound and that this was below the indexed Trigger Price of US\$4.01 per pound at that time.

Anaconda have also formally advised Central Exchange in each subsequent month thereafter that the relevant LME Average Nickel Price continued to be below the relevant indexed Trigger Price and that, accordingly, the Agreed Amount was not yet payable to Central Exchange.

In the most recent advice dated 11 August 2003, Anaconda advised Central Exchange that the LME Average Nickel Price in the 12 months to 28 July 2003 was US\$3.53 per pound and that this was below the indexed Trigger Price of US\$4.07 per pound at that time.

Central Exchange Position

Central Exchange has previously advised that a trigger event under Review Date (2) above has occurred in that a nickel/cobalt treatment plant from the Murrin Murrin Project was commissioned on 7 May 1999 when Anaconda issued a market announcement stating that the production of nickel metal from the Murrin Murrin Project had commenced and the commissioning phase of Murrin Murrin was moving immediately to full stage I production ramp up. Furthermore, the Prime Minister, Mr John Howard, officially opened the Murrin Murrin Nickel Cobalt Project on 29 July 1999. Therefore, in Central Exchange's opinion, one of the Review Dates is 7 May 2002.

Central Exchange has also considered whether a trigger event under Review Date (1) above has occurred and if so at what time, and alternatively, whether Anaconda has breached the settlement deed by virtue of it not entering into the type of financing arrangements contemplated in the Settlement Deed and whether that breach has resulted in the Agreed Amount having fallen due and payable.

Central Exchange notes that if the date of this trigger event can be established as having occurred prior to 31 January 2000 or that, had Anaconda not breached the Settlement Deed, the trigger event would have occurred prior to that date, with an associated Review Date being no later than 31 January 2001 - being the date on which the 12 month moving average LME Nickel Price last exceeded the relevant indexed Trigger Price at the same time - Central Exchange would assert that the Agreed Amount will be due and payable by Anaconda.

Central Exchange has also considered whether the trigger event under Review Date (4) above may occur in circumstances where there is a change of ownership of Anaconda and accordingly, a change in the indirect ownership of the Murrin Murrin Project.

The Board of Central Exchange has determined, after receipt of legal advice, not to pursue these 3 issues further through legal channels at the present time but reserves its rights to do so if further information comes to light or circumstances change in this matter.

Average Nickel Price

Central Exchange notes that Anaconda has advised that the LME Average Nickel Price in the 12 months to 28 July 2003 was US\$3.53 per pound and that this was below the indexed Trigger Price of US\$4.07 per pound on the same date.

Central Exchange notes that under the Settlement Deed, on the occurrence of a relevant Review Date, if the LME Average Nickel Price in the 12 months prior to the Review Date does not exceed the indexed Trigger Price, payment of the Agreed Amount is deferred and reviewed on a monthly basis until such time as the LME Average Nickel Price does exceed the indexed Trigger Price.

Central Exchange further notes that there is no "sunset" clause in the Settlement Deed. That is, the comparison of the 12 month LME Average Nickel Price against the relevant Trigger Price is performed on each monthly anniversary of the earliest relevant Review Date for an indefinite period until payment of the Agreed Amount is "triggered".

In this regard, Central Exchange notes that the LME Nickel Price has increased above the current Trigger Price of US\$4.08 (US\$8,992 per tonne) in the past month and was as high as US\$4.45 (US\$9,810 per tonne) on 20 August 2003. The LME Nickel Price was US\$4.34 (US\$9,570 per tonne) as at 21 August 2003. If such price is sustained, the Trigger Price may be reached in January 2004. If the LME Nickel Price increases above the current level, the Trigger Price is likely to be reached sooner and vice versa.

Current Financial Position

The Board of Central Exchange notes that should the current nickel price be sustained in the next 6 – 12 months and the Trigger Price reached, the Agreed Amount will become due and payable, which when ultimately received, would significantly increase the net assets of Central Exchange. In this regard, the Board of Central Exchange notes that the current Agreed Amount of \$18,937,738 would be equivalent to \$2.23 per each Central Exchange fully paid ordinary share.

Central Exchange currently has cash reserves of ~\$385,000, listed share investments with a current market value of ~\$82,000 and no liabilities save for usual trade creditors. It currently has 8,499,263 fully paid ordinary shares on issue and no other securities on issue.

As Queste is a 48.817% shareholder of Central Exchange, the Board of Queste notes that any increase in the net assets of Central Exchange would increase the net assets of Queste. In this regard, the Board of Queste notes that 48.817% of the current Agreed Amount of \$18,937,738 (being \$9,244,836) would be an attributed equivalent of \$0.33 cents per each Queste fully paid ordinary share.

Queste currently has cash reserves of ~\$2.88m, 10,699,428 shares (11.63%) in Altera Capital Ltd, 4,149,112 shares (48.817%) in Central Exchange, other listed share investments with a current market value of ~\$93,000 and no liabilities save for usual trade creditors. It currently has 28,404,879 fully paid ordinary shares on issue, 20,000,000 partly paid shares (paid to one cent with 19 cents per share outstanding) on issue and no other securities on issue.

Further information:

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Annexure A

Comparison between Moving 12 Month Average LME Nickel Price and Indexed Trigger Price

