

CENTRAL EXCHANGE LIMITED

ABN 77 000 742 843

NOTICE OF GENERAL MEETING & EXPLANATORY STATEMENT

TO SHAREHOLDERS

Date and Time of Meeting: 10:30 am (WST) on Friday, 4 June 2004

Place of Meeting: The Forrest Centre Conference Suites
Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia

IMPORTANT NOTICE

It is recommended that Shareholders read this Notice of Meeting and Explanatory Statement in full and if there is any matter that you do not understand, you should contact your financial adviser, stockbroker or solicitor for advice.

www.centralexchange.com.au

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

Level 14, The Forrest Centre, 221 St Georges Terrace, Perth Western Australia 6000
Tel: +61 8 9214 9797 Email: info@centralexchange.com.au Fax: +61 8 9322 1515

CORPORATE DIRECTORY

BOARD

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

COMPANY SECRETARY

Victor P H Ho

PRINCIPAL & REGISTERED OFFICE

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221 St Georges Terrace
Perth Western Australia 6000

Telephone: +61 8 9214 9797
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SHARE REGISTRY

Advanced Share Registry Services
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Perth Western Australia 6000

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STOCK EXCHANGE

Australian Stock Exchange
Perth, Western Australia

ASX CODE

CXL

AUDITOR

BDO
Level 8
256 St Georges Terrace
Perth Western Australia 6000

BANKER

National Australia Bank
Level 1, 50 St Georges Terrace
Perth Western Australia 6000

The information in this Notice of Meeting and Explanatory Statement is provided to satisfy the requirements specified in the ASX Listing Rules and the Corporations Act 2001. Shareholders should read this Notice of Meeting and Explanatory Statement in full to make an informed decision regarding all resolutions considered at this General Meeting of the Company.

ENQUIRIES

If you have any questions regarding the matters set out in this Notice of Meeting and Explanatory Statement, please contact the Company or your professional advisers.

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TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

Venue

The General Meeting of the Shareholders of Central Exchange Limited will be held at:

| | | |
|--------------------------------------|------------|----------------|
| The Forrest Centre Conference Suites | commencing | 10:30 am (WST) |
| Level 14, The Forrest Centre | | Friday |
| 221 St Georges Terrace | | 4 June 2004 |
| Perth, Western Australia | | |

How to Vote

You may vote by attending the General Meeting in person, by proxy, authorised corporate representative or attorney.

Voting in Person

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number +61 8 9322 1515; or
- deliver to the registered office of the Company at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000.

so that it is received not later than 10:30 am (WST) on Wednesday, 2 June 2004.

Bodies Corporate

A body corporate may appoint an individual as its authorised corporate representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. A properly executed original (or certified copy) of the appropriate 'Certificate of Appointment of Corporate Representative' should be produced for admission to the General Meeting. Previously lodged 'Certificates of Appointment of Corporate Representative' will be disregarded by the Company.

Powers of Attorney

A person appearing as Power of Attorney for a shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

Voting Exclusions

The Company will disregard any votes cast on all resolutions by a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the relevant resolution is passed, or any associates of those persons.

Snapshot Date

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the General Meeting.

The snapshot date is 5:00pm (WST) on Wednesday, 2 June 2004.

INDICATIVE TIMETABLE

| | | |
|------|---|--------------|
| (1) | General Meeting | 4 June 2004 |
| (2) | 2 for 1 Share Conversion Record Date | 11 June 2004 |
| (3) | Share Purchase Plan Offer Record Date | 11 June 2004 |
| (4) | Despatch of updated Holding Statements after 2 for 1 Share Conversion | 14 June 2004 |
| (5) | Despatch of Share Purchase Plan Offer documentation | 14 June 2004 |
| (6) | Closing date of Share Purchase Plan Offer | 28 June 2004 |
| (7) | Shares becomes ex-Dividend | 30 June 2004 |
| (8) | Despatch of updated Holding Statements for Share Purchase Plan Offer applicants | 30 June 2004 |
| (9) | 5 cent per Share Franked Dividend Record Date | 6 July 2004 |
| (10) | Re-admission of Company's Shares to ASX | 8 July 2004 |
| (11) | Payment of Dividend | 9 July 2004 |

Certain of the dates above may change if the Company's circumstances change.

LETTER FROM CHAIRMAN

30 April 2004

Dear Shareholders,

On behalf of the Board of Directors it gives me great pleasure to present to you this Notice of Meeting and Explanatory Statement, which charts an exciting future for your company.

Your company has undergone a number of significant changes over the last few years. Suspended from the ASX since 30 July 2002, I am pleased to announce that the Company will apply to relist on the ASX and pay a franked dividend in July this year.

Having received \$19m from Minara Resources Ltd (previously Anaconda Nickel Ltd) pursuant to the terms of payment under a 1996 settlement deed, we feel that the Company now has sufficient resources to underpin its activities as a serious investment company. Your Company has a talented team of directors, executives and advisors who are highly experienced in identifying and developing investment opportunities, across a range of industry sectors. The operation of your company will be characterised by a series of well considered and varied transactions focussed on generating consistently high returns within pre-defined risk parameters.

Investment in the resource sector will be a focus for the Company, given its current and historical activities in this sector, the current strength of the sector and the relevant experience of the investment team.

Finally, we are proposing to change the Company's name to Juniper Capital Limited, a name selected to reflect the future of the Company.

At the Company's General Meeting scheduled for 4 June 2004, you are invited to support the Company's exciting future. If you cannot attend the meeting, please follow the instructions on the proxy voting form enclosed.

Thank you for your support.

Yours Sincerely,



William Johnson
Chairman

1. NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Central Exchange Limited A.B.N. 77 000 742 843 ("**Central Exchange**" or "**Company**") will be held at The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at 10:30 am on Friday, 4 June 2004.

AGENDA

ORDINARY BUSINESS

1. Resolution 1 - Activities of the Company

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given to the Company to carry on investment activities in accordance with the investment objectives and strategies set out in this Notice of Meeting and Explanatory Statement, for the purposes of Listing Rule 11.1 of the Listing Rules of the Australian Stock Exchange Limited ("ASX") and for all other purposes."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, or any associates of those persons.

2. Resolution 2 - Two for One Share Conversion

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for the fully paid ordinary shares in the Company to be converted on a 2:1 basis, such that every one share held by shareholders in the Company shall be converted into two (2) shares in the Company, for the purposes of section 254H of the Corporations Act 2001 and for all other purposes."

3. Resolution 3 - Change of Name

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

"That the name of the Company be changed to "Juniper Capital Limited" for the purposes of section 157 of the Corporations Act 2001 and for all other purposes."

4. Resolution 4 – Issue of Shares under Share Purchase Plan Offer

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 and 2, for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, approval is given for the Company to issue a maximum of 5,555 ordinary fully paid shares to each eligible shareholder at the prescribed record date (set by the Company to determine entitlements under the same), at an issue price of \$0.90 per share (which equates to a maximum of \$4,999.50 from each such eligible shareholder), pursuant to a share purchase plan offer prospectus under Chapter 6D of the Corporations Act 2001 (the “SPP Offer”) to be made to all shareholder of the Company and otherwise on the terms and conditions set out in this Notice of Meeting and Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person whom, to the knowledge of the directors of the Company as at the date of the General Meeting, proposes to participate in the SPP Offer by subscribing for shares under the same, and any of their associates. However, the Company need not disregard a vote cast by these persons if it is cast by them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by them chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED THIS 30th DAY OF APRIL 2004

BY ORDER OF THE BOARD,



**VICTOR HO
COMPANY SECRETARY**

The information in the Explanatory Statement is provided to satisfy the requirements specified in the ASX Listing Rules and the Corporations Act. Shareholders should read this Notice of Meeting and Explanatory Statement in full to make an informed decision regarding the resolutions considered at this General Meeting.

2. DETAILS ABOUT THE RESOLUTIONS

2.1 Background

At the request of the ASX, the Company has been suspended from quotation on ASX since 30 July 2002.

ASX has advised that prior to reinstatement to ASX, the Company will be required to re-comply with the Listing Rules. This includes the Company 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.

Accordingly, the Company has convened this General Meeting to seek Shareholder approval as required by ASX to facilitate the re-admission of the Company's Shares on ASX, and in respect of other appropriate matters for Shareholder consideration.

Please refer to Section 5.2 (About the Company - ASX Suspension) for further information about the Company's plans for re-admission to ASX.

2.2 Resolution 1 - Activities Of The Company

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 11.1 for the Company to carry on investment activities in accordance with the Investment Objectives and Strategies set out in this Notice of Meeting and Explanatory Statement.

Upon Shareholder approval of Resolution 1, the Company's status will change to an investment entity. Pursuant to 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.

Please refer to Section 3 (Investment Objectives) for further information about the Company's investment objectives, investment strategies, Portfolio allocation and management principles, investment sectors of interest, and the classes of investments expected to be available to the Company.

2.3 Resolution 2 - Two For One Share Conversion

Section 254H of the Corporations Act provides that a company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting.

Resolution 2 seeks Shareholder approval for the purposes of section 254H of the Corporations Act for the Company to convert its fully paid ordinary Shares on a 2:1 basis - such that every one (1) Share currently held in the Company shall be converted into two (2) Shares.

The Company's current issued ordinary Share capital is 8,499,236 Shares.

If Resolution 2 is approved, the Company's issued ordinary Share capital will be converted into 16,998,472 Shares and Shareholders should receive updated Holding Statements within 2 - 3 weeks after the General Meeting.

There will be no need for a rounding up or down of Shareholding as a result of this 2 for 1 Share conversion.

2.4 Resolution 3 - Change Of Name

Pursuant to section 157 of the Corporations Act, a company may change its name by passing a special resolution adopting a new name. A special resolution must be passed by at least 75% of the votes cast by members entitled to vote on the resolution and present in person or by proxy at the Meeting.

Resolution 3 seeks Shareholder approval for the purposes of section 157 of the Corporations Act for the Company to change its name from "Central Exchange Limited" to "Juniper Capital Limited".

The Directors believe that such change of name is more reflective of the investment activities and focus of the Company.

The change of name takes effect when ASIC alters the details of the Company's registration.

2.5 Resolution 4 - Issue of Shares under Share Purchase Plan Offer

(a) Background

The Company recognises the need to provide Shareholders with an attractive reward for their current investment in the Company and the significant appreciation in company assets as a consequence of the \$19m settlement deed payment from Minara Resources Limited (formerly Anaconda Nickel Limited).

Further to this recognition, on 18 February 2004, the Company announced that it proposed to undertake a share purchase plan offer (the SPP Offer). The Company believes that the implementation of the SPP Offer would be a means of providing Shareholders with an attractive cost effective mechanism to increase their Shareholding in the Company.

It is proposed that the issue price for Shares under the SPP Offer will be priced at \$0.90 per Share (on a post 2:1 Share conversion basis subsequent to Shareholder approval of Resolution 2 at this General Meeting).

This attractive price was calculated by reference to the Company's after tax net tangible asset ("NTA") backing per Share and is set at a significant 18% discount to such audit reviewed NTA as at 31 December 2003.

The SPP Offer will be limited to existing Shareholders who will be provided with the opportunity to subscribe for up to 5,555 Shares (or a maximum value of \$4,999.50) in the Company without payment of any fees or brokerage. The SPP Offer will raise a maximum of approximately \$3,734,624.50 (net of expected expenses of the SPP Offer).

The Company notes that the introduction of this SPP Offer will require a prospectus (pursuant to Chapter 6D of the Corporations Act) as the reduced disclosure mechanism for share purchase plans is normally only available to companies that are not suspended.

The issue of a prospectus under the SPP Offer will also facilitate the Company to re-comply with the requirements of the ASX Listing Rules for re-admission to ASX, the issue of a prospectus being one of the requirements for the same.

In this regard, Resolution 4 will be subject to the passing of Resolutions 1 and 2.

(b) Details of SPP Offer

The SPP Offer provides each Eligible Shareholder the opportunity to subscribe for up to 5,555 Shares at an Issue Price of \$0.90 per Share. Each such Shareholder will therefore be entitled to subscribe for Shares under the SPP Offer to the Application Limit of \$4,999.50 or 5,555 Shares.

Applications must be made for a minimum of \$499.50 worth of (555) Shares at \$0.90 per Share under the SPP Offer, with multiples thereafter of \$499.50 (555) Shares, up to the Application Limit.

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

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

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

If all Eligible Shareholders subscribe for their Application Limit under the SPP Offer, the Company will raise \$3,754,624.50 (excluding expenses of the SPP Offer) from the issue of 4,171,805 Shares.

The proceeds of the SPP Offer will be used:

- To meet the expenses of the SPP Offer;
- To provide additional working capital, including for investment opportunities that meets the Company's Investment Objectives and Strategies.

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

Please refer to Section 3.7 for further details of the application of the Company's funds towards meeting such Investment Objectives and Strategies.

Please refer to Section 6.4 for a Pro-Forma Statement of Financial Position taking into account the effect of the SPP Offer and Section 6.7 for a pro-forma Capital Structure in relation to the same.

Please refer to the Indicative Timetable for details of the timing associated with the SPP Offer.

(c) Listing Rule 7.1

ASX Listing Rule 7.1 prohibits an entity from issuing, or agreeing to issue, equity securities (which includes shares) which exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period unless approval is obtained from the holders of ordinary securities in general meeting.

In accordance with the requirements of Listing Rule 7.3 the following additional information is provided to allow Shareholders sufficient information to determine whether they should approve this Resolution 4:

- (i) The maximum number of Shares that the Company will issue pursuant to the SPP Offer (assuming the number of Eligible Shareholders remain at the current number of 751 as at the SPP Offer Record Date) is 4,171,805 (to raise a maximum of \$3,734,624.50 net of expected expenses of the SPP Offer);

- (ii) The Shares will be issued at a fixed price of \$0.90 per Share (post 2:1 Share conversion assuming Resolution 2 is approved);
- (iii) The actual number of Shares issued and amount raised under the SPP Offer will depend on the number of Eligible Shareholders at the Record Date and the number of such Shareholders who participate under the SPP Offer and the aggregate extent of their participation ;
- (iv) No allotments of Shares will occur until after the close of the SPP Offer (expected to be 28 June 2004) and in any event, by no later than 3 months after Shareholder approval of Resolution 2;
- (v) The names of the allottees of the Shares pursuant to the SPP Offer are not currently known. Shares will be issued to Shareholder who lodge valid applications under the SPP Offer;
- (vi) The Shares to be issued pursuant to the Share Offer are ordinary fully paid Shares which will be issued on the same terms and conditions as the ordinary fully paid Shares currently on issue by the Company and quotation on ASX will be sought for such Shares with the Company's existing Shares.

3. INVESTMENT ACTIVITIES

3.1 Investment Objectives

The investment objectives of the Company are to:

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

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

3.2 Investment Strategy

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

- Strategic Investments; and
- Non-strategic Investments.

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

(a) Strategic Investments

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

Investments will include those that have the potential for turnaround in profitability or capital appreciation through the introduction of new management, capital, improved

business practices, industry rationalisation, and/or improved investor relations.

Strategic investments by their nature will rely heavily on the Company's ability to identify, attract and exploit unique opportunities. The Company believes that its Directors, Executives and (where appropriate) advisers have the particular skills and experience in the identification and successful execution of such strategic investments.

(b) Non-Strategic Investments

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

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

Please refer to Section 9 for information on risk factors associated with the Company carrying on investment activities in accordance with the above Investment Objectives and Strategies if [Resolution 1](#) is approved by Shareholders at this General Meeting.

3.3 Portfolio Allocation and Management

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

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

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

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

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

The Company's investment decisions in this regard will be carried out by the Board of Directors (in conjunction with external consultants and advisers where appropriate) and not an external investment manager. Further information about the management of the Company's investment activities are in Section 4.

3.4 Investment Sectors

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

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

exceptional growth and returns for relatively small levels of investment.

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

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

- Directly – through pegging of tenements, entering into joint ventures, taking options over and acquiring tenements, projects and joint venture interests;
- Indirectly – through placements and initial public offerings in existing companies (private, listed, or those seeking admission to ASX); or
- Actively – the Company recognises funding of exploration and resources development can be a problem for small and medium-sized resource companies (in Australia and overseas) and will seek to assist carefully selected companies in this sector to optimise their opportunities through the provision of funds and a range of financial and management expertise or services as required.

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

3.5 Investment Classes

In pursuit of the Investment Objectives and Strategies outlined above, the Company will have absolute discretion in applying its equity and any debt funds to a universe or range of potential investments in assets, businesses, securities, hybrid securities, cash, bills of exchange, other negotiable investments, debentures and other investments and structures including 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 purchase any investment and warrants and options to sell 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 differences commodity futures and commodity options) for hedging and other purposes;
- (j) Participation in underwriting and sub-underwriting of securities and units in which the Company is otherwise able to invest;
- (k) Debt, hybrid debt or quasi-equity/debt, mezzanine debt, or debt funding of whatsoever nature;
- (l) Investments in assets of any type, whether they be generally known as "real", "financial" "operating" or "non-operating" including without limitation, interests in tenements, projects, real estate, business enterprises, and the carrying on of business or operations or

any means of commercial exploitation of the same;

- (m) Investments into (and the carrying on of business or operations or any means of commercial exploitation within) any underlying industry, business or resource sector;
- (n) Investments through trusts, partnerships, joint ventures;
- (o) Any other investments consistent with the Company's investment objectives identified in this section.

3.6 Capital Management

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

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

3.7 Application of Company Funds

The Company's NTA currently comprise predominantly cash and a portion invested in listed securities.

Upon Shareholder approval of [Resolution 1](#), the Company proposes to immediately expand its investment Portfolio over a 3 month period in accordance with its Investment Objectives and Strategies.

3.8 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 a 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 post on the Company's website.

4. MANAGEMENT OF INVESTMENT ACTIVITIES

4.1 General

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

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

It is anticipated by the Board that, if Resolution 1 is approved by Shareholders at this General Meeting, a suitably qualified Managing Director will be appointed within the next 6 months.

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

4.2 Board of Directors

(a) **William M. Johnson**
Executive Chairman
Age 42

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

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

Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. As Regional Director Asia

Pacific for Telecom New Zealand Ltd, Mr Johnson was responsible for identifying, evaluating and implementing investment strategies that included start-up technology ventures, a technology focussed venture capital fund and strategic investments and acquisitions in Asia and Australia.

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

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

(a) **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.

(b) Yaqoob Khan

Non-Executive Director
Age 38

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.

4.3 Investment Experience

The Board has extensive combined experience and breadth of knowledge relating to the evaluation and execution of investment transactions of the types described in Section 3.

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

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

5. ABOUT THE COMPANY

5.1 Company History

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

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

(a) Anaconda Nickel Settlement Deed Payment

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

- (i) 12 months after the financiers to the Murrin Murrin Nickel Project ("**Murrin Murrin Project**") has confirmed that the Murrin Murrin Project is operating to design standards of performance in terms of throughput, recovery and metal production;
- (ii) 3 years after the commissioning of a nickel/cobalt treatment plant of ore from the Murrin Murrin Project;
- (iii) 3 years after 250,000 tonnes of ore from the Murrin Murrin Project has been mined and treated;
- (iv) When Anaconda has sold its interest in the Murrin Murrin Project for not less than A\$350,000,000.

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

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

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

(b) Telecommunications Network

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

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

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

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

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

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

(c) Unsuccessful Acquisition Of Juniper Resources Limited and Capital Raising

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

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

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

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

On 26 November 2002, the Company announced that:

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

5.2 ASX Suspension

The Company's Shares were suspended from quotation on the official list of the ASX prior to commencement of trading on the day of the Company's general meeting on 30 July 2002 to approve, inter alia, the Juniper acquisition and capital raising referred to above in Section 5.1(c).

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

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

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

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

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

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

- (i) For a minimum share price of 20 cents;
- (ii) For a minimum spread of shareholders each having a parcel of at least \$2,000; and
- (iii) Under an appropriate "assets" test, namely the requirement for a minimum NTA of \$15m as an investment entity (as defined under the ASX Listing Rules).

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

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

5.3 Litigation

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

5.4 Material Contracts

Save for the Directors' Deeds described in Section 7.2(d) there are no contracts to which the Company is a party which may be material in terms of the operation of the business of the Company.

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

5.5 Rights Attaching To Shares

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

The Company does not have any other securities on issue.

6. FINANCIAL INFORMATION

6.1 December 2003 Half Year Reports

The Company's audit reviewed Half Year Reports for the half year ended 31 December 2003 were lodged on 25 February 2004. The Half Year Reports are included in Appendix 1 of this Notice of Meeting and Explanatory Statement.

Shareholders should also refer to the Company's 2003 Annual Report. A copy of this report can be emailed or posted to Shareholders upon request. It can also be viewed and downloaded from the Company's website: www.centralexchange.com.au

6.2 Proposed Dividend

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

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

This 5 cents per Share dividend is equivalent in cash terms to the 10 cent per Share dividend announced on 18 February 2004. The difference between the 5 and 10 cent figure is that the former reflects the amount payable on the basis that the proposed 2:1 Share conversion (the subject of Resolution 2) is approved by Shareholders at this General Meeting. If Resolution 2 is not approved by Shareholders, the franked dividend will be payable at the rate of 10 cents per Share on the number of Shares then on issue at the 1 July 2004 record date. In any event, Shareholders will receive the same total cash dividend proceeds (if they hold the same equivalent Shares in the Company).

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

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

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

6.3 Working Capital

The Company's NTA currently comprise predominantly cash and a portion invested in listed securities. The Directors are of the opinion that the Company currently has sufficient working capital in order to implement its investment activities in accordance with its Investment Objectives and Strategies. Please refer to Section 3.7 for further details of the application of the Company's funds towards meeting such Investment Objectives and Strategies.

6.4 Pro-Forma Statements of Financial Position

The pro-forma statements of financial position are set-out in the table overleaf and comprise the audit reviewed accounts for the half-year ended 31 December 2003 and pro-forma accounts incorporating the following effects:

- (i) **Pro-Forma 1** - the 2:1 Share conversion (the subject of Resolution 2), which has no financial effect on the net assets of the Company but will cause the NTA per Share to reduce from \$2.19 to \$1.10 per Share on account of the doubling of total issued Share capital;
- (ii) **Pro-forma 2** - Pro-forma 1 plus the effects of expected maximum subscriptions received under the Share Purchase Plan Offer, being the issue of 4,171,805 Shares to raise a total of \$3,734,625 based on the current number of 751 Shareholders (and including the costs of such Offer).

The Company notes that the capital structure and effect of the SPP Offer is based upon such current number of Shareholders and this figure may change based upon any changes in the number of Shareholders at the Record Date for the SPP Offer and their aggregate participation in the same.

- (iii) **Pro-forma 3** - Pro-formas 1 and 2 plus the effects of the 5 cents per Share franked dividend expected to be paid in July 2004, which will cost an aggregate of \$1,058,554 (assuming maximum subscriptions are received under the Share Purchase Plan Offer).

6.5 Dividend Policy

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

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

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

Please refer to Section 9 for information on risk factors associated with the Company carrying on investment activities in accordance with its Investment Objectives and Strategies if Resolution 1 is approved by Shareholders at this General Meeting.

6.6 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 (whereby any member may elect to forgo any dividends payable on all or some of the Shares held by that member and to receive instead fully paid ordinary Shares in the Company).

The Directors propose to implement a Dividend Reinvestment Plan in the near future. Further details will be provided to Shareholders upon such implementation. The Company's present expectation is that such Dividend Reinvestment Plan will be implemented prior to the payment of the 5 cents per Share franked dividend referred to in Section 6.2. However, such Dividend Reinvestment Plan may be suspended in relation to such dividend due to the lack of a stable market price for the Company's Shares.

Table 1 - Pro-Forma Central Exchange Ltd Consolidated Statements of Financial Positions

| | Consolidated Audit Reviewed Dec 2003 | Pro-Forma 1 2:1 Share Conversion | Pro-Forma 2 Post 2:1 Share Conversion + Maximum Acceptances Under Share Purchase Plan Offer | Pro-Forma 3 Proformas 1 + 2 + Payment of 5c per Share Dividend |
|---|---|--|--|--|
| CURRENT ASSETS | | | | |
| Cash assets | 320,993 | 320,993 | 4,055,618 | 2,997,101 |
| Receivables | 19,058,554 | 19,058,554 | 19,058,554 | 19,058,554 |
| TOTAL CURRENT ASSETS | 19,379,547 | 19,379,547 | 23,114,172 | 22,055,655 |
| NON-CURRENT ASSETS | | | | |
| Receivables | 14,106 | 14,106 | 14,106 | 14,106 |
| Investments | 87,908 | 87,908 | 87,908 | 87,908 |
| Property, plant and equipment | 34,395 | 34,395 | 34,395 | 34,395 |
| Other | 6,064 | 6,064 | 6,064 | 6,064 |
| TOTAL NON-CURRENT ASSETS | 142,473 | 142,473 | 142,473 | 142,473 |
| TOTAL ASSETS | 19,522,020 | 19,522,020 | 23,256,645 | 22,198,128 |
| CURRENT LIABILITIES | | | | |
| Payables | 30,065 | 30,065 | 30,065 | 30,065 |
| Current tax liabilities | 875,884 | 875,884 | 875,884 | 875,884 |
| TOTAL CURRENT LIABILITIES | 905,949 | 905,949 | 905,949 | 905,949 |
| TOTAL LIABILITIES | 905,949 | 905,949 | 905,949 | 905,949 |
| NET ASSETS | 18,616,071 | 18,616,071 | 22,350,696 | 21,292,179 |
| EQUITY | | | | |
| Contributed Equity | 28,780,607 | 28,780,607 | 32,515,232 | 32,515,232 |
| Reserves | 2,124,000 | 2,124,000 | 2,124,000 | 2,124,000 |
| Accumulated losses | (12,288,536) | (12,288,536) | (12,288,536) | (13,347,053) |
| TOTAL EQUITY | 18,616,071 | 18,616,071 | 22,350,696 | 21,292,179 |
| Number of Shareholders (all assumed to be eligible to participate in SPP Offer) | 751 | 751 | 751 | 751 |
| Max. SPP Offer Acceptances (5,555 Shares per Shareholder @ \$0.90 per Share) | | | 4,171,805 | |
| Amount raised from max SPP Offer Acceptances | | | \$3,754,625 | |
| Expected expenses of the SPP Offer | | | (\$20,000) | |
| Max. aggregate cost of 5 cent per Share dividend | | | | (\$1,058,517) |
| Total Share Capital | 8,499,263 | 16,998,526 | 21,170,331 | 21,170,331 |
| NTA per Share | \$2.19 | \$1.10 | \$1.06 | \$1.01 |

6.7 Capital Structure

The Company currently has 8,499,236 fully paid ordinary Shares on issue and no other securities on issue. The Company is admitted for official quotation on ASX however, as described in Section 5.2 (About the Company - ASX Suspension), the Company's Shares have been suspended from ASX since 30 July 2002.

If Resolution 2 is passed, the Company's Share capital will be converted into 16,998,472 fully paid ordinary Shares.

The Company notes that the maximum number of Shares offered under the Share Purchase Plan Offer will depend on the number of Shareholders at the SPP Offer Record Date (expected to be 11 June 2004) and the number of beneficial holders of nominee company Shareholders that choose to take up their entitlements under the same.

The pro-forma Share capital structure of the Company is set out below to reflect the Share capital structure of the Company assuming maximum applications are received from the Company's current 751 Shareholders pursuant to the Share Purchase Plan Offer (refer Section 2.5):

Pro-Forma Share Capital - Post 2:1 Share Conversion and Share Purchase Plan Offer

| | | % of Pro-forma Share Capital |
|---|-------------------|---|
| Shares presently on issue | 8,499,236 | |
| After 2:1 Share conversion | 16,998,472 | 80% |
| Expected Maximum Shares issued under Share Purchase Plan Offer | 4,171,805 | 20% |
| Pro-forma Share Capital | 21,170,331 | 100% |

7. THE BOARD OF DIRECTORS

7.1 Directors' Profiles

Please refer to Section 4.2 for profiles of the Board of Directors.

7.2 Interests of Directors in the Company

(a) Directors' Interests in Securities of the Company

The Directors of the Company do not have any relevant interest in the issued securities of the Company at the date of this Notice of Meeting and Explanatory Statement.

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

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

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

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

(b) Directors' Remuneration

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

Subject to any contract with the Company and to the Corporations Act, the Board may fix the remuneration of each Executive Director. That remuneration may consist of salary, bonuses, participation in profits of the Company or of any other company in which the Company is interested, a percentage of any increase in the market capitalisation of the Company or by any or all of those modes but may not be by way of commission on or percentage of operating revenue of the Company.

At present, the Company has not appointed a Managing Director. The Company expects to appoint a Managing Director within the next 6 months at commercial rates of remuneration. It

is expected that such remuneration will comprise a base salary and a performance bonus based upon one or more of the permitted means of remuneration contained in the Constitution of the Company.

A Managing Director may, with the prior approval of the other directors (such approval not to be unreasonably withheld), act as a managing director of another company.

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

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

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

If Shareholders approve Resolution 1 at this General Meeting, the Company will proceed to enter into director service agreements with its Directors upon commercial rates of remuneration. It is expected that such remuneration will comprise a base salary or fee (in relation to non-Executive Directors) and, in relation to Executive Directors, a performance bonus based upon one or more of the permitted means of remuneration contained in the Constitution of the Company.

In addition to the remuneration outlined above:

- the Company is required to pay directors employer superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation.
- The Company may also pay the directors' travelling and other expenses that they properly incur in attending directors' meetings or any meetings of committees of directors, in attending any general meetings of the Company, and in connection with the Company's business;

- If a Director, at the request of the Board and for the purposes of the Company, performs extra services or undertakes any executive or other work for the Company beyond his or her general duties, the Company may pay that Director a fixed sum or salary set by the Board. Such remuneration may be either in addition to or in substitution for any remuneration to which that Director is entitled as described above.

(c) Directors' Indemnities and Insurance

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

- (i) the Company may indemnify:
 - (A) every person who is or has been an officer of the Company; and
 - (B) where the Board considers it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company;

against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be).
- (ii) The Company may pay a premium in respect of a contract insuring a person who is or has been an officer of the Company or a related body corporate of the Company against any liability incurred by the person as an officer of the Company or a related body corporate except a liability (other than one for legal costs) arising out of conduct involving a wilful breach of duty in relation to the Company or a contravention of section 182 or 183 of the Corporations Act.

(d) Directors' Deeds

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

- The Company's retention of and the Director's access to Board papers and company books (subject to confidentiality and privilege) both while the Director is a director of the Company and after the Director ceases to hold office, for the purposes expressly permitted by the deed.
 - The Company's obligation to use its best efforts to ensure that so far as practical (having regard to the cost of coverage and its availability), 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 7 years after that Director ceases to hold office;
 - The Company's obligation to indemnify a Director for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the Corporations Act);
 - Subject to the terms of the deed and the Corporations Act, the Company may, at the request of the Director and on such terms as it thinks fit, advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of a legal proceeding.
- The Company cannot make such an advance to a Director in respect of legal costs incurred in a legal proceeding initiated by the Company against the Director.
- Advances must be repaid by the Director once the outcome of the legal proceeding is known, but may be set-off by indemnities from the Company (where permitted by the deed and the Corporations Act); and
- the Company's and Director's rights and obligations in respect of confidential information, legal proceedings against the Director, disclosure of Director's benefits and notifiable interests, costs of independent advice and related party benefits.

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

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

7.3 Corporate Governance

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

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

To this end, the Board has adopted appropriate corporate governance policies and practices as provided by the Listing Rules and the principles of the ASX Corporate Governance Council, having regard to its size and nature of activities and the circumstances of the Company.

The Company's latest Corporate Governance Statement is contained in the 2003 Annual Report.

However, the Board is currently reviewing such statement in light of the current circumstances of the Company.

Details of the Company's updated corporate governance policies will be made available from the Company's website in due course.

8. TAXATION

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

This summary is based on the Company's understanding of the relevant Australian laws as at the date of this Notice of Meeting and Explanatory, as they apply to Shareholders in respect of ordinary Shares held in the Company.

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

8.1 Tax Position of the Company

- (a) The Company is a resident of Australia for the purposes of the income tax law.
- (b) Where the Company makes a profit or a loss on the sale of an investment, that profit or loss may be on revenue account (ordinary income) or on capital account (capital gain or loss). There are many factors which need to be considered by the Company in assessing which tax treatment is appropriate for each investment. A detailed analysis of those factors is outside the scope of this Notice of Meeting and Explanatory Statement.
- (c) Where the Company is not able to satisfy the criteria to be considered a listed investment company for the purposes of the Income Tax Assessment Act 1997 (Cth), tax concessions will not be available to eligible Shareholders that allow the benefit of the discount capital gains tax regime to "flow through" to them in a similar way that would be available if the Company had been established in a trust structure.
- (d) The applicable rate of company tax applying to the Company should be the prevailing company tax rate of 30%.

8.2 Tax Position of Shareholders

(a) *Individuals*

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

(b) *Companies*

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

(c) Complying Superannuation Funds

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

8.3 Anti-avoidance rules

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

8.4 Gains from the disposal of Shares

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

quarantined and can only be offset against capital gains.

- (f) The cost base for each Shareholder of ordinary Shares will generally be equal to the issue or purchase price of the ordinary Shares and, amongst other things, any incidental costs of acquisition and non-deductible interest expenditure in acquiring the Shares.
- (g) The Company recommends that you consult your tax advisor with respect to the application of these rules.

8.5 Tax File Number and Australian Business Number

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

8.6 Other Taxes

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

9. RISK FACTORS

This section identifies the areas the Directors regard as the major risks associated with the Company in carrying on investment activities in accordance with its Investment Objectives and Strategies as described in Section 3, if Resolution 1 is approved.

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

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

9.1 General Risks

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

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

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

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

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

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

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

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

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

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

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

(l) Variations in legislation and government policies generally could materially affect operating results of the Company;

(m) Any variation in taxation laws could materially affect the operating results of the Company;

(n) There may be tax implications arising from ownership of Shares in the Company, the receipt of franked and unfranked dividends (if any) from the Company, and the disposal of Shares. Shareholders should consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to their investment in the Company;

(o) ASX imposes certain requirements on the continued admission of the Company to the official list of on ASX. ASX may change the listing requirements and Shareholders cannot be assured that the Company will continue at all time to meet the requirements necessary to maintain listing on ASX. If ASX suspends trading of the Company's Shares, Shareholders will not be able to buy or sell Shares on ASX during the period of suspension.

9.2 Risks specific to the Company

(a) The investment objectives of the Company in seeking a superior return on investments compared with relatively lower risk returns available from investments in cash, bills of exchange or negotiable instruments

drawn or endorsed by a bank, non-bank financial institution or a government entail the adoption of an investment risk profile that may cause significant capital or income losses;

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

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

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

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

(f) The price at which the Company's Shares are traded on ASX may be below the net asset backing of those Shares. The constitution of the Company does not entitle Shareholders to require the Board to implement a Share buy-back or any other capital reconstruction or to take any other remedial action. However, the Company may undertake such initiatives as it appropriate from time to time in accordance with its capital management policy (refer Section 3.6);

(g) The re-admission of the Company's Shares is subject to the Company demonstrating to ASX that the Company satisfies all evidentiary requirements for re-compliance with all relevant ASX Listing Rules. The re-admission of the Company's Shares to ASX will ultimately depend on the ASX being satisfied as to re-compliance with all relevant provisions of the Listing Rules;

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

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

Some of the risks pertaining to the resources sector are:

- World market prices for minerals based commodities are subject to many variables and may fluctuate widely.
- Revenues that investee companies may receive for minerals that may be exploited are also subject to fluctuation.
- Exploration is a speculative endeavour which might not result in finding economic deposits.
- Mining operations may be hampered by a variety of circumstances which may or may not be within the control of the investee companies and/or the Company.
- To the extent that investee companies have mining tenements, if the conditions imposed by licences and mining legislation are not complied with, there is the risk that the title to such tenements could be lost.
- Due to the high initial funding requirements of small and emerging exploration and mining companies, those companies often lack liquidity.
- Depending on the location of its exploration and mining activities, an exploration and/or mining company may be

subject to political and other uncertainties, including risk of civil rebellion, expropriation, nationalisation, renegotiation or nullification of existing contracts, mining licences and permits or other agreements.

- It is possible that there may exist on the investee companies' tenements a form of native title which reflects the entitlement of the indigenous inhabitants to their traditional lands and could result in exploration/mining restrictions and/or claims for compensation. Australian native title is recognised and protected under the Native Title Act 1993 (Cth). There remains some uncertainty as to what Australian native title fully entails. Future Australian court decisions and legislation may increase or decrease the risks for investee companies, the Company and Shareholders in relation to Australian native title issues.

This above list of risk factors is not exhaustive of the risks faced by Shareholders and potential investors in the Company.

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

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

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

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

Shareholders should read this Notice of Meeting and Explanatory Statement in full and, if they require further information on the material risks, seek professional advice.

10. GLOSSARY

Application Limit means \$4,999.50 (5,555 Shares), being the maximum amount that each Eligible Shareholder may subscribe for under the SPP Offer.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (A.C.N. 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

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

Corporations Act and Act means the Corporations Act 2001.

Directors means the directors of the Company from time to time.

Dollars or \$ means Australian dollars unless otherwise stated.

Eligible Shareholder means Shareholders registered as holders of Shares at the Record Date and whose address on the Company's Share register is in Australia or New Zealand.

Executives mean the officers (as defined in the Corporations Act) of the Company from time to time.

General Meeting means the general meeting of the Company to be held on 4 June 2004.

Glossary means this glossary.

Notice of Meeting and Explanatory Statement means this notice of meeting and explanatory statement document despatched to Shareholders of the Company in relation to the General Meeting.

Indicative Timetable means the timetable set out at page 3 of this Notice of Meeting and Explanatory Statement.

Investment Objectives and Investment Strategies mean the investment objectives and strategies and other matters in relation to the same as described in Section 3.

Listing Rules means Listing Rules of the ASX.

NTA means net tangible asset.

Portfolio means the investment portfolio of the Company comprising investments undertaken in accordance with the Investment Objectives and Strategies of the Company described in Section 3, from time to time.

Queste means Queste Communications Limited A.B.N. 58 081 688 164.

Record Date means, in relation to the SPP Offer, 5:00pm (WST) on 11 June 2004.

Share(s) means fully paid ordinary shares in the Company.

Shareholder(s) means holders of Shares.

SPP Offer means the share purchase plan offer the subject of Resolution 1 and otherwise described in Section 2.5.

WST means Western Standard Time, Perth, Western Australia.

APPENDIX 1 - December 2003 Half Year Reports

December 2003 Half Year Reports for Central Exchange Limited lodged on 25 February 2004

Central Exchange Limited

A.B.N 77 000 742 843

HALF YEAR REPORTS:

**ASX Appendix 4D - Results For Announcement To Market
Directors' Report
Financial Report
Audit Review Report**

31 December 2003



www.centralexchange.com.au

Central Exchange Limited

A.B.N. 77 000 742 843

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info@centralexchange.com.au

CORPORATE DIRECTORY

BOARD

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

COMPANY SECRETARY

Victor P. H. Ho

PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre
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Perth Western Australia 6000

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SHARE REGISTRY

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

Telephone: +61 8 9221 7288

Facsimile: +61 8 9221 7869

STOCK EXCHANGE

Australian Stock Exchange
Perth, Western Australia

ASX CODE

CXL

AUDITOR

BDO
Level 8
256 St Georges Terrace

BANKER

National Australia Bank
Level 13, 50 St Georges Terrace
Perth Western Australia 6000

RESULTS FOR ANNOUNCEMENT TO MARKET

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period: 1 July 2003 to 31 December 2003

Previous Corresponding Period: 1 July 2002 to 31 December 2002

For and on behalf of the Directors,



.....
Victor Ho
Company Secretary

Date: 24 February 2004

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)

| Consolidated Entity | | | Dec 2003 \$'000 | Dec 2002 \$'000 |
|--|----|--------|--------------------|--------------------|
| Revenue from ordinary activities | UP | 73340% | 19,137,029 | 26,058 |
| Profit (loss) from ordinary activities after tax attributable to members | UP | 4627% | 19,017,542 | (400,750) |
| Net profit (loss) for the period attributable to members | UP | 4627% | 18,141,658 | (400,750) |

Dividends

On 18 February 2004, the Company declared an interim unfranked dividend of 10 cents per shares.

The Record Date for entitlements to such interim dividend will be 29 April 2004 and payment will be effected on or about 7 May 2004.

Brief Explanation of Revenue, Net Profit and Dividends (above)

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. Such receipt is accounted for as revenue from ordinary activities during the current reporting period as the liability for payment by Anaconda occurred on 28 November 2003.

DIRECTORS' REPORT

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

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

The Directors present their report on Central Exchange and its controlled entities (the "**Consolidated Entity**") for the financial half year ended 31 December 2003 ("**Balance Date**").

OPERATING RESULTS

| | Consolidated Entity | |
|--|---------------------|-----------|
| | December | December |
| | 2003 | 2002 |
| | \$ | \$ |
| Operating income (loss) after income tax | 18,141,658 | (400,750) |

EARNINGS PER SHARE

| | Consolidated Entity | |
|--|---------------------|-----------|
| | December | December |
| | 2003 | 2002 |
| Basic earnings per share (cents) | 213.4 | (5.0) |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share | 8,499,263 | 8,057,752 |

Diluted earnings per share is not materially different from basic earnings per share and therefore has not been disclosed.

NET TANGIBLE ASSET BACKING

| | Consolidated Entity | | |
|---|---------------------|-----------|-----------|
| | December | June | December |
| | 2003 | 2003 | 2002 |
| Net tangible assets | \$18,616,071 | \$474,413 | \$726,208 |
| Fully paid ordinary shares in the Company on issue at Balance Date | 8,499,263 | 8,499,263 | 8,499,263 |
| Net tangible asset backing per issued ordinary share as at Balance Date (cents) | 219.03 | 5.58 | 8.54 |

DIVIDENDS

In light of the receipt of revenues of \$19,051,014 from Minara Resources Limited (formerly Anaconda Nickel Limited) pursuant to a settlement deed, the Directors are pleased to declare an interim dividend of 10 cents per share.

The Record Date for entitlements to such interim dividend will be 29 April 2004 and payment will be effected on or about 7 May 2004.

DIRECTORS' REPORT

SECURITIES IN THE COMPANY

The Company currently has 8,499,236 fully paid ordinary shares on issue and no other securities on issue. The Company is admitted for official quotation on ASX but as described below, the Company's shares have been suspended from ASX since 30 July 2002.

No securities were issued by the Company during the financial half-year.

DIRECTORS

The names of Directors in office during and since the financial half year are:

1. **William M. Johnson** - Chairman
2. **Victor P. H. Ho** - Executive Director appointed 1 July 2003
3. **Yaqoob Khan** - Non-Executive Director
4. **Farooq Khan** –appointed 4 October 1999 and resigned 1 July 2003 as Executive Chairman and Managing Director

Mr Yaqoob Khan is presently resident overseas.

REVIEW OF OPERATIONS

1. ASX Suspension

At the request of the ASX, the Company has been suspended from quotation on ASX since 30 July 2002.

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

2. Proposed General Meeting

On 18 February 2004, the Company announced that it proposed to convene a general meeting to seek shareholder approval as required by ASX to facilitate the re-admission of the Company's shares on ASX, and in respect of other appropriate matters for shareholder consideration.

The Company proposed to seek shareholder approval of the following matters at such general meeting:

- (1) Plans for the re-admission of the Company on ASX as a listed investment company;
- (2) A two for one share split to double the issued share capital of the Company from 8,499,263 to 16,998,526 fully paid ordinary shares;
- (3) A change of name.

The Notice of Meeting and Explanatory Statements will contain more detailed information about the Company's intended investment objectives and strategies.

It is expected that the documentation for such meeting will be despatched by 19 March 2004 with an expected meeting date of 21 April 2004.

DIRECTORS' REPORT

3. Proposed Share Purchase Plan Offer

The Company recognises the need to provide shareholders with an attractive reward for their current investment in the Company and the significant appreciation in company assets as a consequence of the settlement deed payment from Minara Resources Ltd. It believes this will be partly achieved through the payment of the 10 cent interim dividend referred to earlier.

Further to this recognition, on 18 February 2004, the Company announced that it proposed to undertake a Share Purchase Plan offer. The Company believes that the implementation of a Share Purchase Plan offer would be a means of providing shareholders with an attractive cost effective mechanism to increase their shareholding in the Company.

It is proposed that the issue price for shares under the Share Purchase Plan offer will be priced at \$0.90 per share (on a post 2:1 share split basis). This attractive price has been calculated by reference to the Company's after tax net tangible asset backing per share (post interim dividend) and is set at a significant 14% discount to such NTA. The offer is limited to existing shareholders who will be provided with the opportunity to subscribe for up to 5,556 shares (or a maximum value of \$5,000) in the Company without payment of any fees or brokerage. The offer will raise a maximum of \$3,755,000 (before expenses of the offer)

The Company notes that the introduction of this Share Purchase Plan offer will require a prospectus as the reduced disclosure mechanism for Share Purchase Plans is normally only available to companies that are not suspended.

4. Indicative Timetable

The Company expects that the indicative timetable for the proposed general meeting, interim dividend payment, Share Purchase Plan offer and re-admission to ASX will be as follows:

| | | |
|------|---|---------------|
| (1) | Despatch of Notice of Meeting Information Memorandum | 19 March 2004 |
| (2) | General Meeting | 21 April 2004 |
| (3) | Interim Dividend Record Date | 29 April 2004 |
| (4) | 2 for 1 share split Record Date | 29 April 2004 |
| (5) | Payment of Dividend | 7 May 2004 |
| (6) | Despatch of updated Holding Statements after 2 for 1 share split | 7 May 2004 |
| (7) | Despatch of Share Purchase Plan Offer documentation | 7 May 2004 |
| (8) | Closing date of Share Purchase Plan Offer | 23 June 2004 |
| (9) | Despatch of Holding Statements for Share Purchase Plan Offer applicants | 29 June 2004 |
| (10) | Re-admission of Company's shares to ASX | 2 July 2004 |

* All dates are indicative expected dates only and subject to change if the Company's circumstances change.

The Company intend to apply for re-admission to ASX after the completion of the Share Purchase Plan offer whereupon the Company will be required to demonstrate to ASX that the Company satisfies all evidentiary requirements for re-compliance with all relevant ASX Listing Rules.

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

- (i) A minimum share price of 20 cents;
- (ii) A minimum spread of shareholders each having a parcel of at least \$2,000;
- (iii) A minimum net tangible asset level of \$15m as a listed investment company;

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

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. 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.

Signed for and on behalf of the Directors of Central Exchange Limited in accordance with a resolution of the Board,



William Johnson
Chairman



Victor Ho
Director and Company Secretary

Perth, Western Australia

24 February 2004

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

| | Notes | Consolidated Entity | | Company | |
|---|----------|---------------------|-----------|-------------|-----------|
| | | 31 Dec 03 | 31 Dec 02 | 31 Dec 03 | 31 Dec 02 |
| | | \$ | \$ | \$ | \$ |
| Revenue from ordinary activities | 2(a)&(b) | 19,137,029 | 26,058 | 19,136,370 | 20,335 |
| Expenses from ordinary activities: | 2(c) | | | | |
| Cost of services | | (2,929) | (39,553) | - | (10,000) |
| Personnel | | (32) | (154,123) | (32) | (154,123) |
| Communications | | (3,476) | (11,628) | (3,476) | (11,597) |
| Occupancy | | (13,673) | (16,523) | (13,673) | (16,523) |
| Exploration expenses | | (5,469) | - | (5,469) | - |
| Corporate | | | | | |
| - other | | (49,598) | (41,966) | (49,397) | (41,909) |
| Financing | | (755) | (1,535) | (429) | (1,188) |
| Borrowing cost | | - | (17) | - | (17) |
| Investment cost | | - | (21,026) | - | (21,026) |
| Administration expenses | | | | | |
| - consultants | | (33,534) | (32,933) | (33,534) | (32,933) |
| - diminution of investments | | - | (24,572) | - | (24,572) |
| - write back of diminution of investments | | 5,384,934 | - | 5,384,934 | - |
| - provision for doubtful debts | | (97) | - | (5) | (20,655) |
| - cost of investments sold | | (5,391,434) | (148) | (5,391,434) | (148) |
| - share issue costs | | - | (76,728) | - | (76,728) |
| - other | | (3,424) | (6,056) | (6,800) | (6,056) |
| OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX | | 19,017,542 | (400,750) | 19,017,055 | (397,140) |
| Income tax relating to ordinary activities | | (875,884) | - | (875,765) | - |
| OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX | | 18,141,658 | (400,750) | 18,141,290 | (397,140) |
| 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 THOSE TRANSACTIONS WITH OWNERS AS OWNERS | | 18,141,658 | (400,750) | 18,141,290 | (397,140) |
| Basic earnings per share (cents) | 17 | 213.4 | (5.0) | 213.4 | (4.9) |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share | | 8,499,263 | 8,057,752 | 8,499,263 | 8,057,752 |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003**

| | Notes | Consolidated Entity | | Company | |
|----------------------------------|-------|---------------------|----------------|-------------------|----------------|
| | | 31 Dec 03 | 30 Jun 03 | 31 Dec 03 | 30 Jun 03 |
| | | \$ | \$ | \$ | \$ |
| CURRENT ASSETS | | | | | |
| Cash | 23 | 320,993 | 414,156 | 320,993 | 411,374 |
| Receivables | 4 | 19,058,554 | 5,103 | 19,058,470 | 3,334 |
| Other | 5 | - | 5,304 | - | 5,304 |
| TOTAL CURRENT ASSETS | | 19,379,547 | 424,563 | 19,379,463 | 420,012 |
| NON CURRENT ASSETS | | | | | |
| Receivables | 6 | 14,106 | 14,106 | 14,106 | 14,106 |
| Investments | 7 | 87,908 | 65,850 | 88,008 | 65,950 |
| Property, plant and equipment | 8 | 34,395 | 37,680 | 34,395 | 37,680 |
| Intangibles | 9 | - | - | - | - |
| Other | 10 | 6,064 | - | 6,064 | - |
| TOTAL NON CURRENT ASSETS | | 142,473 | 117,636 | 142,573 | 117,736 |
| TOTAL ASSETS | | 19,522,020 | 542,199 | 19,522,036 | 537,748 |
| CURRENT LIABILITIES | | | | | |
| Payables | 11 | 30,065 | 67,786 | 30,065 | 62,832 |
| Current tax liabilities | 12 | 875,884 | - | 875,765 | - |
| NON CURRENT LIABILITIES | | | | | |
| Provisions | 13 | - | - | - | - |
| TOTAL CURRENT LIABILITIES | | 905,949 | 67,786 | 905,830 | 62,832 |
| NET ASSETS | | 18,616,071 | 474,413 | 18,616,206 | 474,916 |
| EQUITY | | | | | |
| Contributed Equity | 14 | 28,780,607 | 28,780,607 | 28,780,607 | 28,780,607 |
| Reserves | 15 | 2,124,000 | 2,124,000 | 2,124,000 | 2,124,000 |
| Accumulated losses | 16 | (12,288,536) | (30,430,194) | (12,288,401) | (30,429,691) |
| TOTAL EQUITY | | 18,616,071 | 474,413 | 18,616,206 | 474,916 |

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

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

| | Note | Consolidated Entity | | Company | |
|---|------|---------------------|------------------|------------------|------------------|
| | | 31 Dec 03 | 31 Dec 02 | 31 Dec 03 | 31 Dec 02 |
| | | \$ | \$ | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | | 659 | 39,188 | - | 32,166 |
| Payments to suppliers and employees | | (138,948) | (424,797) | (135,507) | (402,012) |
| Payments to exploration and evaluation | | (11,533) | - | (11,533) | - |
| Interest received | | 8,047 | 19,894 | 8,047 | 19,894 |
| Interest paid | | - | (17) | - | (17) |
| Refunds for exploration expenditure | | - | - | - | - |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | | (141,775) | (365,732) | (138,993) | (349,969) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Payments for: | | | | | |
| Equity investments | | - | (41,971) | - | (41,971) |
| Plant and equipment | | (138) | - | (138) | - |
| VoiceNet System servers | | - | - | - | - |
| Proceeds from sales of: | | | | | |
| Plant and equipment | | - | 12 | - | 12 |
| Equity investments | | 48,750 | - | 48,750 | - |
| Loans to controlled entities | | - | - | - | - |
| NET CASH INFLOW /(OUTFLOW) FROM INVESTING ACTIVITIES | | 48,612 | (41,959) | 48,612 | (41,959) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Payment for share buy back | | - | (79,289) | - | (79,289) |
| Payment to unmarketable parcel shareholders | | - | (60,805) | - | (60,805) |
| Proceeds from share buy back | | - | 75,183 | - | 75,183 |
| Payment for share issue costs | | - | (64,104) | - | (64,104) |
| NET CASH OUTFLOW FROM FINANCING ACTIVITIES | | - | (129,015) | - | (129,015) |
| NET DECREASE IN CASH ASSETS HELD | | (93,163) | (536,706) | (90,381) | (520,943) |
| Cash at beginning of the financial year | | 414,156 | 1,169,446 | 411,374 | 1,152,075 |
| CASH AT THE END OF THE HALF YEAR | 23 | 320,993 | 632,740 | 320,993 | 631,132 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

1. BASIS OF PREPARATION

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Central Exchange Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the ASX and the Corporations Act 2001.

The accounting policies adopted in the preparation of this half year financial report are consistent with those adopted and disclosed in the financial statements for the year ended 30 June 2003.

Comparatives in relation to items appearing on the Statement of Financial Position are as at the last balance date, being 30 June 2003. Comparatives in relation to items appearing on the Statement of Financial Performance are for the previous corresponding period, being for the half year ended 31 December 2002.

2. PROFIT FROM ORDINARY ACTIVITIES

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

| | Consolidated Entity | | Company | |
|--|---------------------|----------------|-------------------|----------------|
| | 31 Dec 03 | 31 Dec 02 | 31 Dec 03 | 31 Dec 02 |
| | \$ | \$ | \$ | \$ |
| (a) Operating revenue | | | | |
| Calls revenue | 659 | 5,723 | - | - |
| Settlement deed payment | 19,051,014 | - | 19,051,014 | - |
| Mining royalties | - | 386 | - | 386 |
| Interest received - other | 8,047 | 19,894 | 8,047 | 19,894 |
| | <u>19,059,720</u> | <u>26,003</u> | <u>19,059,061</u> | <u>20,280</u> |
| (b) Non-operating revenue | | | | |
| Revaluation of investments | 28,559 | - | 28,559 | - |
| Proceeds from sale of assets: | | | | |
| Plant and equipment | - | 43 | - | 43 |
| Share investments | 48,750 | 12 | 48,750 | 12 |
| Total revenue | <u>19,137,029</u> | <u>26,058</u> | <u>19,136,370</u> | <u>20,335</u> |
| (c) Operating expenses | | | | |
| Cost of services | 2,929 | 39,553 | - | 10,000 |
| Occupancy expenses | 13,673 | 16,523 | 13,673 | 16,523 |
| Finance expenses | 755 | 1,535 | 429 | 1,188 |
| Borrowing cost | - | 17 | - | 17 |
| Corporate expenses | 49,598 | 41,966 | 49,397 | 41,909 |
| Administration expenses | | | | |
| - Communications | 3,476 | 11,628 | 3,476 | 11,597 |
| - Consultants | 33,534 | 32,933 | 33,534 | 32,933 |
| - Personnel - employee entitlements | - | 6,125 | - | 6,125 |
| - other | 32 | 147,998 | 32 | 147,998 |
| - Investment cost | - | 21,026 | - | 21,026 |
| - Write back of diminution of investments | (5,384,934) | 24,572 | (5,384,934) | 24,572 |
| - Exploration expenses | 5,469 | - | 5,469 | - |
| - Depreciation | 3,424 | 4,137 | 3,424 | 4,137 |
| - Provision of doubtful debts | 97 | - | 5 | 20,655 |
| - Cost of assets sold | - | 84 | - | 84 |
| - Cost of investment sold | 5,391,434 | 148 | 5,391,434 | 148 |
| - Write off investment | - | - | 3,376 | - |
| - Cost of intangibles | 2,322,839 | - | 2,322,839 | - |
| - Write back of amortisation of intangibles | (2,322,839) | - | (2,322,839) | - |
| - Write off of loans to subsidiaries | - | - | 444,823 | - |
| - Writeback of provision for non recovery of loans to subsidiary | - | - | (444,823) | - |
| - share issue costs | - | 76,728 | - | 76,728 |
| - Other | - | 1,835 | - | 1,835 |
| | <u>119,487</u> | <u>426,808</u> | <u>119,315</u> | <u>417,475</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

2. PROFIT FROM ORDINARY ACTIVITIES (continued)

| (d) Sale of Assets | Consolidated Entity | | Company | |
|--|---------------------|--------------|--------------------|--------------|
| | 31 Dec 03 | 31 Dec 02 | 31 Dec 03 | 31 Dec 02 |
| | \$ | \$ | \$ | \$ |
| Sale of assets in the ordinary course of business have given rise to the following profits and losses: | | | | |
| Net Losses | | | | |
| Plant and equipment | - | (41) | - | (41) |
| Share investments | (5,342,684) | (136) | (5,342,684) | (136) |
| | <u>(5,342,684)</u> | <u>(177)</u> | <u>(5,342,684)</u> | <u>(177)</u> |

3. INCOME TAX EXPENSE

| (a) The prima facie income tax on operating loss is reconciled to the income tax provided in the accounts as follows: | Consolidated Entity | | Company | |
|---|---------------------|------------------|------------------|------------------|
| | 31 Dec 03 | 31 Dec 02 | 31 Dec 03 | 31 Dec 02 |
| | \$ | \$ | \$ | \$ |
| Loss from ordinary activities | 19,017,542 | (400,750) | 19,017,055 | (397,140) |
| Income tax expense calculated at 30% (2003:30%) of operating losses. | <u>5,705,263</u> | <u>(120,225)</u> | <u>5,705,117</u> | <u>(119,142)</u> |
| Permanent differences | | | | |
| Other non-deductible items | 431 | 24,322 | 431 | 53,310 |
| Other deductible items | (15,010) | | (15,010) | |
| Timing differences | | | | |
| Other non-deductible items | 5,208 | | 5,208 | |
| Provision of doubtful debts | (29) | - | (2) | - |
| Other deductible items | (10,007) | (7,495) | (10,007) | (7,495) |
| Exploration expenditure | (1,819) | - | (1,819) | - |
| Diminution of investments (written back) | (1,624,048) | 7,372 | (1,624,048) | 7,372 |
| 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 VoIP licence | (724,500) | - | (724,500) | - |
| Capital loss on share investments | (829) | - | (829) | - |
| Tax losses not brought to account | - | 96,026 | - | 65,955 |
| Income tax expense attributable to operating profit | <u>875,884</u> | <u>-</u> | <u>875,765</u> | <u>-</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

3. INCOME TAX EXPENSE (contd.)

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

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

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

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

4. CURRENT RECEIVABLES

| | Consolidated Entity | | Company | |
|---------------------------|---------------------|--------------|-------------------|--------------|
| | 31 Dec 03 | 30 Jun 03 | 31 Dec 03 | 30 Jun 03 |
| | \$ | \$ | \$ | \$ |
| Amounts receivable from | | | | |
| Trade receivables | 84 | 840 | - | - |
| Director related entities | - | - | - | - |
| Others | 19,058,470 | 4,263 | 19,058,470 | 3,334 |
| | <u>19,058,554</u> | <u>5,103</u> | <u>19,058,470</u> | <u>3,334</u> |

5. OTHER CURRENT ASSETS

| | | | | |
|-------------|---|-------|---|-------|
| Prepayments | - | 5,304 | - | 5,304 |
|-------------|---|-------|---|-------|

6. NON-CURRENT RECEIVABLES

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Amounts receivable from controlled entities | - | - | - | 444,817 |
| Less provision for non-recovery | - | - | - | (444,817) |
| | - | - | - | - |
| Bonds and guarantees | 14,106 | 14,106 | 14,106 | 14,106 |
| | <u>14,106</u> | <u>14,106</u> | <u>14,106</u> | <u>14,106</u> |

7. NON-CURRENT INVESTMENTS

Investments comprise:

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Shares in listed companies | 41,981 | 5,433,416 | 41,981 | 5,433,416 |
| Less: provision for diminution | 45,927 | (5,367,566) | 45,927 | (5,367,566) |
| Revaluation value (i) | 87,908 | 65,850 | 87,908 | 65,850 |
| Shares in controlled entities at cost | - | - | 225,100 | 225,100 |
| Less: provision for diminution | - | - | (225,000) | (225,000) |
| | <u>87,908</u> | <u>65,850</u> | <u>88,008</u> | <u>65,950</u> |
| Market value of listed share investments | 87,909 | 65,850 | 87,909 | 65,850 |

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

Investment in Controlled Entities:

| | Ownership interest | |
|--|--------------------|-----------|
| | 31 Dec 03 | 30 Jun 03 |
| Hume Mining NL (ACN 064 994 945) | | |
| Incorporated in Australia on 29 March 1994 | 100% | 100% |
| Central Exchange Operations Pty Ltd (ACN 094 097 122) | | |
| Incorporated in Australia on 10 August 2000 | 100% | 100% |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

8. PROPERTY, PLANT AND EQUIPMENT

| Consolidated and Company Level | Plant & Equipment | Leasehold Improve- ments | Total |
|---------------------------------------|----------------------------------|---|-----------------|
| | \$ | \$ | \$ |
| Gross Carrying Amount | | | |
| Balance at 30 June 2003 | 54,930 | 21,788 | 76,718 |
| Additions | 138 | - | 138 |
| Balance at 31 December 2003 | <u>55,068</u> | <u>21,788</u> | <u>76,856</u> |
| Accumulated Depreciation | | | |
| Balance at 30 June 2003 | (29,978) | (9,060) | (39,038) |
| Depreciation expense | (2,466) | (957) | (3,423) |
| Balance at 31 December 2003 | <u>(32,444)</u> | <u>(10,017)</u> | <u>(42,461)</u> |
| Net Book Value | | | |
| As at 31 December 2002 | <u>27,143</u> | <u>13,850</u> | <u>40,993</u> |
| As at 30 June 2003 | <u>24,952</u> | <u>12,728</u> | <u>37,680</u> |
| As at 31 December 2003 | <u>22,624</u> | <u>11,771</u> | <u>34,395</u> |

9. INTANGIBLES

| | Consolidated Entity | | Company | |
|--|----------------------------|------------------|------------------|------------------|
| | 31 Dec 03 | 30 Jun 03 | 31 Dec 03 | 30 Jun 03 |
| | \$ | \$ | \$ | \$ |
| VoiceNet System VoIP Licence - at cost | - | 2,300,000 | - | 2,300,000 |
| Internet Website | - | 22,839 | - | 22,839 |
| | - | <u>2,322,839</u> | - | <u>2,322,839</u> |
| Less: Accumulated Amortisation | - | (2,322,839) | - | (2,322,839) |
| | - | <u>-</u> | - | <u>-</u> |

The VoiceNet System VoIP Licence was terminated by the Company on 12 December 2003.

The Internet website was taken off-line in July 2003 in light of the closure of the Central Exchange telecommunications network.

10. OTHER NON-CURRENT ASSETS

Deferred Exploration Expenditure

| | | | | |
|-------------------------------------|--------------|----------|--------------|----------|
| Balance at beginning of the year | - | - | - | - |
| Movements | | | | |
| Direct expenditure | 6,064 | - | 6,064 | - |
| Less: refunded exploration expenses | - | - | - | - |
| Balance at end of the period | <u>6,064</u> | <u>-</u> | <u>6,064</u> | <u>-</u> |

11. CURRENT PAYABLES

| | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Trade creditors | 8,633 | 257 | 8,633 | 257 |
| Other creditors - related parties | - | 4,535 | - | 4,535 |
| Other creditors and accruals | 21,432 | 62,994 | 21,432 | 58,040 |
| | <u>30,065</u> | <u>67,786</u> | <u>30,065</u> | <u>62,832</u> |

12. CURRENT TAX LIABILITIES

| | | | | |
|--------------------|----------------|----------|----------------|----------|
| Income tax payable | <u>875,884</u> | <u>-</u> | <u>875,765</u> | <u>-</u> |
|--------------------|----------------|----------|----------------|----------|

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

13. NON-CURRENT PROVISIONS

| | Consolidated Entity | | Company | |
|--|---------------------|-----------|-----------|-----------|
| | 31 Dec 03 | 30 Jun 03 | 31 Dec 03 | 30 Jun 03 |
| | \$ | \$ | \$ | \$ |
| Provision for annual leave | - | - | - | - |
| Number of employees (including Executive Directors and Officers) at balance date | 2 | 3 | 2 | 3 |

14. CONTRIBUTED EQUITY

| | | | | |
|---|------------|------------|------------|------------|
| 8,499,263 (2003: 8,499,263) fully paid ordinary shares | 28,780,607 | 28,780,607 | 28,780,607 | 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 | - | 300,000 | - | 300,000 |
| Share issue costs | - | 18,137 | - | 18,137 |
| Balance at end of half year | 28,780,607 | 28,780,607 | 28,780,607 | 28,780,607 |

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

15. 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. This Option Application Reserve relates to consideration for the issue of options that have since lapsed.

(ii) There were no movements during the year in the Asset Realisation Reserve. This Asset Realisation Reserve relates to realisation of revalued mining tenements in prior years.

16. ACCUMULATED LOSSES

| | | | | |
|---|--------------|------------|--------------|------------|
| Balance at beginning of the financial year | 30,430,194 | 29,777,649 | 30,429,691 | 29,776,403 |
| Net loss (profit) for the first half of the financial year | (18,141,658) | 400,750 | (18,141,290) | 397,140 |
| Net loss (profit) for the second half of the financial year | | 251,795 | | 256,148 |
| Balance at end of half year | 12,288,536 | 30,430,194 | 12,288,401 | 30,429,691 |

17. EARNINGS PER SHARE

| | | | | |
|--|------------|-----------|------------|-----------|
| Basic earnings per share (cents) | 213.4 | (7.9) | 213.4 | (7.9) |
| Net loss for the year | 18,141,658 | (652,545) | 18,141,290 | (653,288) |
| Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share | 8,499,263 | 8,271,394 | 8,499,263 | 8,271,394 |

18. CONTINGENT ASSETS AND LIABILITIES

The Consolidated Entity does not have any contingent assets or liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

19. SEGMENT REPORTING

During the period, the Consolidated Entity operated in one geographical segment (Australia) in the resources, telecommunication and share investment sectors.

| | External Revenue | | Operating Results | |
|--|-------------------|---------------|-------------------|------------------|
| | 31 Dec 03 | 31 Dec 02 | 31 Dec 03 | 31 Dec 02 |
| | \$ | \$ | \$ | \$ |
| Resources | 19,051,014 | 386 | 19,045,545 | (20,640) |
| Share Investments | 77,309 | 12 | 70,809 | (24,708) |
| Telecommunications | 659 | 5,723 | 659 | (23,829) |
| | <u>19,128,982</u> | <u>6,121</u> | <u>19,117,013</u> | <u>(69,177)</u> |
| Unallocated | 8,047 | 19,937 | (99,471) | (331,573) |
| | <u>19,137,029</u> | <u>26,058</u> | | |
| Profit from ordinary activities before income tax | | | 19,017,542 | (400,750) |
| Income tax expense relating to ordinary activities | | | (875,884) | - |
| Profit from ordinary activities after income tax | | | <u>18,141,658</u> | <u>(400,750)</u> |

| | Assets | | Liabilities | |
|--------------------|-------------------|----------------|------------------|-----------------|
| | 31 Dec 03 | 30 Jun 03 | 31 Dec 03 | 30 Jun 03 |
| | \$ | \$ | \$ | \$ |
| Resources | 19,057,078 | - | - | - |
| Share Investments | 87,909 | 65,850 | - | - |
| Telecommunications | - | - | - | - |
| | <u>19,144,987</u> | <u>65,850</u> | <u>-</u> | <u>-</u> |
| Unallocated | 377,033 | 476,349 | (905,949) | (67,786) |
| | <u>19,522,020</u> | <u>542,199</u> | <u>(905,949)</u> | <u>(67,786)</u> |

| Other Segment Information | Resources | | Share Investments | | Telecommunications | |
|--|-----------|---------|-------------------|----------|--------------------|---------|
| | 31Dec03 | 31Dec02 | 31Dec03 | 31Dec02 | 31Dec03 | 31Dec02 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Acquisition of segment assets | 6,064 | - | - | - | - | - |
| Other non-cash expenses | | | | | | |
| Revaluation/ (diminution) of investments | - | - | 5,356,375 | (24,572) | - | - |
| Write back of segment assets | - | - | - | - | - | - |

The resources segment in 2002 and 2003 derived revenues from mining royalties and pursuant to a settlement deed payment from Minara Resources Ltd (formerly Anaconda Nickel Ltd).

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

20. 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 19.

21. ASSOCIATES AND JOINT VENTURES

The Consolidated Entity did not undertake any investments in associated entities or joint ventures during the financial half year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

22. GAIN/LOSS OF CONTROL OF ENTITIES

There were no entities over which control had been gained or lost by the Consolidated Entity during the financial half year.

23. 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 period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | Consolidated Entity | | | Company | | |
|--------------|---------------------|----------------|----------------|----------------|----------------|----------------|
| | 31 Dec 03 | 30 Jun 03 | 31 Dec 02 | 31 Dec 03 | 30 Jun 03 | 31 Dec 02 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash at bank | 72,100 | 414,156 | 85,050 | 72,100 | 411,374 | 83,442 |
| Bank bills | 248,893 | - | 547,690 | 248,893 | - | 547,690 |
| | <u>320,993</u> | <u>414,156</u> | <u>632,740</u> | <u>320,993</u> | <u>411,374</u> | <u>631,132</u> |

24. SUBSEQUENT EVENTS

(i) 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. Such receipt has been accounted for as operating revenue during the financial half-year as the liability for payment by Anaconda occurred on 28 November 2003.

(ii) On 18 February 2004, the Company announced the following matters:

(a) The declaration of an interim unfranked dividend of 10 cents per share. The Record Date for entitlements to such interim dividend will be 29 April 2004 and payment will be effected on or about 7 May 2004;

(b) A General Meeting will be convened to seek shareholder approval for:

(1) Plans for the re-admission of the Company on ASX as a listed investment company;

(2) A two for one share split to double the issued share capital of the Company from 8,499,263 to 16,998,526 fully paid ordinary shares;

(3) A change of name.

The Notice of Meeting and Explanatory Statements will contain more detailed information about the Company's intended investment objectives and strategies. It is expected that the documentation for such meeting will be despatched by 19 March 2004 with an expected meeting date of 21 April 2004.

(c) A proposal to undertake a Share Purchase Plan offer at \$0.90 per share (on a post 2:1 share split basis). The offer is limited to existing shareholders who will be provided with the opportunity to subscribe for up to 5,556 shares (a maximum value of \$5,000) in the Company without payment of any fees or brokerage. The offer will issue a maximum of 4,172,222 shares and raise a maximum of \$3,755,000 (before expenses of the offer).

(d) The Company intend to apply for re-admission to ASX after the completion of the Share Purchase Plan offer whereupon the Company will be required to demonstrate to ASX that the Company satisfies all evidentiary requirements for re-compliance with all relevant ASX Listing Rules. Subject to the ASX being satisfied in this regard, the re-admission date is anticipated to be on or about 2 July 2004.


DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Central Exchange Limited made pursuant to subsection 303(5) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2003 and of their performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



William Johnson
Chairman



Victor Ho
Director and Company Secretary

Perth, Western Australia

24 February 2004

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
CENTRAL EXCHANGE LIMITED****Scope**

We have reviewed the financial report being the Statement of Financial Performance, Statement of Financial Position, Statements of Cash Flows and Directors' Statement of Central Exchange Limited for the half-year ended 31 December 2003. The financial report is the consolidated accounts of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial statements with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an opinion.

Independence

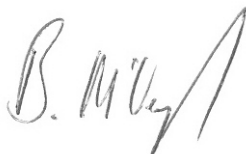
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Central Exchange Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements in Australia.

BDO Chartered Accountants



B G McVeigh
Partner

Perth, Western Australia
25 February 2004

CENTRAL EXCHANGE LIMITED

A.B.N. 77 000 742 843

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

T | + 61 (8) 9214 9797
F | + 61 (8) 9322 1515
E | info@centralexchange.com.au
W | www.centralexchange.com.au



For Share Registry Enquiries:

Advanced Share Registry Services
PO Box 6283
East Perth Western Australia 6892

T | + 61 (8) 9221 7288
F | + 61 (8) 9221 7869
E | advshare@vianet.net.au

PROXY FORM

COMPLETE AND RETURN TO:
Central Exchange Limited
Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000
Facsimile: +61 8 9322 1515

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

Mark this box with an 'X' if you want to make any changes to your address details (see reverse)

Appointment of Proxy

I/We being a member/s of Central Exchange Limited and entitled to attend and vote hereby appoint

The Chairman of the General Meeting (mark with an "X")

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the General Meeting.

or failing the person named, or if no person is named, the Chairman of the General Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Central Exchange Limited to be held at The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at **10:30 am on Friday, 4 June 2004** and at any adjournment of such General Meeting.

If you do not wish to direct your proxy how to vote, please place a mark in the box. If you have appointed the Chair of the meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chair intends to vote in favour of all resolutions.

Voting directions to your proxy - please mark to indicate your directions

| RESOLUTIONS | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|
| 1. Activities of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Two for One Share conversion | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Change of Name | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Issue of Shares under Share Purchase Plan Offer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If to proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Director / Company Secretary

.....
Contact Name

.....
Contact Daytime Telephone

.....
Date

Please contact us at info@centralexchange.com.au to join our email distribution list to receive the Company's latest ASX Market Announcements, Reports and Press Releases

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Your pre-printed name and address is as it appears on the Share register of Central Exchange Limited. If this information is incorrect, please mark the box at the top of the proxy form and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.
2. Completion of a proxy form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the General Meeting.
3. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a Shareholder of the Company.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company Shareholder is to attend the General Meeting, a properly executed original (or certified copy) of the appropriate 'Certificate of Appointment of Corporate Representative' should be produced for admission to the General Meeting. Previously lodged 'Certificates of Appointment of Corporate Representative' will be disregarded by the Company.
7. If a representative as Power of Attorney of a Shareholder is to attend the meeting, a properly executed original (or certified copy) of an appropriate Power of Attorney should be produced for admission to the General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

8. **Signing Instructions**

You must sign this form as follows in the spaces provided:

- | | |
|---------------------------|--|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the Shareholders should sign. |
| Power of Attorney: | If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form. |
| Companies: | Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

9. **Lodgment of a Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 10:30am (WST) on Wednesday, 2 June 2004 (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged:

- by posting, delivery or facsimile to the addresses below:

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

Facsimile: +61 8 9322 1515