Central Exchange Limited

A.B.N 77 000 742 843

and Controlled Entities

DIRECTORS' REPORT & AUDITED FINANCIAL REPORT

30 June 2003

www.centralexchange.com.au

Central Exchange Limited
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CORPORATE DIRECTORY

BOARD

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

COMPANY SECRETARY
Victor P H Ho

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Level 13, 50 St Georges Terrace
Perth Western Australia 6000

DIRECTOR'S 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"**).

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

The Directors present their report on Central Exchange and its controlled entities (the **"Consolidated Entity"**) for the year ended 30 June 2003 (**"Balance Date"**).

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were the operation of a telecommunication network utilising Voice-over-Internet Protocol (**"VoIP"**) technology and management of its share investments.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At a General Meeting on 30 July 2002, shareholders approved, amongst others, a resolution proposing a change in the nature and scale of the Company's activities from a company involved in telecommunications to a company primarily involved in resources exploration and exploitation.

Other than that referred to in this report or the financial statements, there were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

OPERATING RESULTS

	Consolidated Entity	
	2003	**2002**
	$	$
Operating loss after income tax	652,545	1,368,497

EARNINGS PER SHARE

	Consolidated Entity	
	2003	**2002**
Basic earnings per share (cents)	(7.89)	(1.97)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	8,271,394	69,533,488

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

On 8 August 2002, the Company's fully paid ordinary shares were consolidated on a on a one (1) for ten (10) basis

DIRECTOR'S REPORT

NET TANGIBLE ASSET BACKING

	Consolidated Entity 2003	2002
Net assets	$474,413	$808,821
Less intangible assets	-	-
Net tangible assets of the Consolidated Entity	$474,413	$808,821
Fully paid ordinary shares on issue at Balance Date	8,499,263	65,650,000
Net tangible asset backing per issued ordinary share as at balance date (cents)	5.58	1.23

The Company's cash reserves and market value of listed share investments totalled approximately $479,000 as at 31 August 2003. The Company continues to operate out of shared office premises and with the removal of the costs associated with the suspended telecommunications operations and the agreement of the current Directors to forgo their Directors' fees until further notice (effective 1 July 2003), all but essential corporate operating and administrative expenses have been reduced to preserve the cash position of the Company and ensure a minimal cash burn.

REVIEW OF OPERATIONS

1. 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 General Meeting on 30 July 2002.

The Company was required to re-comply with the admission requirements of the ASX set out in Chapters 1 and 2 of the ASX Listing Rules for its securities to be reinstated for quotation. As part of these admission requirements, the Company had to issue a prospectus and successfully complete a capital raising at a minimum price of 20 cents per share.

Shortly after the withdrawal of the Company's Prospectus and termination of the Share Sale Agreement for the acquisition of Juniper 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 by Listing Rule 12.1.

The Company's suspension is likely to continue until the Company fully re-complies with Chapters 1 and 2 of the ASX Listing Rules, including a capital consolidation to ensure a sale price of at least $0.20 for the Company's shares, lodgement of a full form prospectus and satisfaction of the spread requirements set out in ASX Listing Rule 1.1.

2. CLOSURE OF TELECOMMUNICATIONS NETWORK

The Company has previously advised shareholders of the disappointingly low revenues generated by the Central Exchange telecommunications network since its commercial launch in August 2001 (both from existing Central Exchange shareholders and the public at large) and the limited prospects for future growth. Whilst the ongoing costs of maintaining the network had been minimised, the Directors are mindful of the low level of cash reserves of the Company.

DIRECTOR'S REPORT

In the light of the above and the ASX decision not to reinstate the Company to official quotation on ASX, the Company announced on 4 July 2003 that the Directors could see no commercial benefit in continuing to operate the telecommunications network and had decided to suspend such operations. The Company's telecommunications carrier's licence was also not renewed on 1 July 2003.

Shareholders should note however that the Company still retains the 14 year non-exclusive Australian license to operate the VoiceNet System VoIP technology which it acquired from Queste Communications Ltd (**"Queste"**) in October 1999. Should market conditions improve in the future, the Company could relatively easily redeploy its network infrastructure and recommence operations.

3. 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 - $19,009,823 as indexed by the United States Consumer Price Index (**"US CPI"**) (non-seasonally adjusted all urban consumers for all items) from September 1996 to August 2003) (**"Agreed Amount"**) on the earlier of certain Review Dates defined as follows:

(1) 12 months after the financiers to the Murrin Murrin Nickel Project (**"Murrin Murrin Project"**) has confirmed that the Murrin Murrin Project is operating to design standards of performance in terms of throughput, recovery and metal production;

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

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

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

3.1 Anaconda Position

Anaconda, in its 2003 Annual Report (released on 17 September 2003) at Note 30 (Contingent Assets and Liabilities) of the notes to its financial statements, makes the following statements about this matter:

> *"Under a settlement agreement with Central Exchange Limited (formerly Central Bore Nickel NL, "Central Exchange") [Anaconda Operations Pty Ltd (ANO)], as manager of the Murrin Murrin Joint Venture may be required to pay $16.25million (Anaconda [Nickel Limited] 60% share: $9.8 million) (subject to escalation for inflation based on USA consumer price index) to Central Exchange. The payment is dependent upon several factors. The first factor is that the Review Date as defined under the settlement contract is triggered.*
>
> *Anaconda considers that the Review Date, as defined in the Deed, whereby ANO is required to consider whether any monies are payable to Central Exchange under the Deed occurred on 28 September 2002. Since that date, Anaconda is required to calculate the LME average nickel price for the preceding 12 months and, only if that price is above $US3.50lb indexed, will ANO have to pay $16.25 million (indexed from September 1996 to September 2002).*
>
> *The trigger price was not met on 28 September 2002 and therefore Anaconda is required to repeat the process each month until the trigger price is exceeded and the money becomes payable to Central Exchange. The trigger price had not been met at the date of this report."*

On 8 October 2002, Anaconda formally advised Central Exchange in writing that it considered the Review Date was 28 September 2002. Anaconda did not provide any explanation as to the basis for this determination. However, Central Exchange notes that in its 2001 and 2000 annual reports, Anaconda stated that the Review Date was triggered with the mining of 250,000 tonnes of ore on 12 September 1999 and that the Review Date was therefore 12 September 2002. However, Anaconda's 2002 and 2003 annual reports state this trigger event occurred on 28 September 1999 with an associated Review Date being 28 September 2002.

DIRECTOR'S REPORT

Therefore, based on Anaconda's view which Central Exchange does not concede, the Agreed Amount is due and payable by Anaconda at the Review Date of 12/28 September 2002 (to be reconciled by Anaconda which the Company has formally sought on 22 September 2003) (or at each subsequent month thereafter) if the average London Metals Exchange Nickel (**"LME"**) nickel daily settlement price (**"LME Average Nickel Price"**) in the 12 months prior to 12/28 September 2002 (or each subsequent month) exceeds the trigger price of US$3.50 per pound as indexed by the US CPI (**"Trigger Price"**).

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

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

In the most recent advice dated 15 September 2003, Anaconda advised Central Exchange that the LME Average Nickel Price in the 12 months to 28 August 2003 was US$3.63 per pound and that this was below the indexed Trigger Price of US$4.08 per pound at that time.

3.2 Central Exchange Position

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

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

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

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

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

3.3 Average Nickel Price

Central Exchange notes that Anaconda has advised that the LME Average Nickel Price in the 12 months to 28 August 2003 was US$3.63 per pound and that this was below the indexed Trigger Price of US$4.08 per pound on the same date.

DIRECTOR'S REPORT

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

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

In this regard, Central Exchange notes that:

- The LME nickel price was US$4.681 (US$10,320 per tonne) as at 24 September 2003;
- The LME nickel price has traded above the present Trigger Price of US$4.09 per pound (US$9,026 per tonne) since 25 July 2003 and was at its highest price of US$4.684 (US$10,325 per tonne) during this period on 22 September 2003;
- The 12 month LME Average Nickel Price to 24 September 2003 was ~US$3.740 per pound;
- Accordingly, the present "gap" between the Trigger Price and 12 month LME Average Nickel Price is US$0.3547 per pound;
- Such "gap" was US$0.94 per pound on 31 December 2002 and US$0.60 per pound on 30 June 2003 and has fallen by US$0.2469 per pound since 1 July 2003 (please also refer to the following chart for an illustration of the Trigger Price versus the moving 12 month LME Average Nickel Price versus the LME nickel price);
- If the present levels of the LME nickel price are sustained, the Trigger Price may be reached in December 2003. If the actual LME nickel price increases above the present level, the Trigger Price is likely to be reached sooner and vice versa;
- A number of market forecasts for nickel for the next 12 months indicate a strong demand for nickel and consequently a positive outlook for nickel prices.

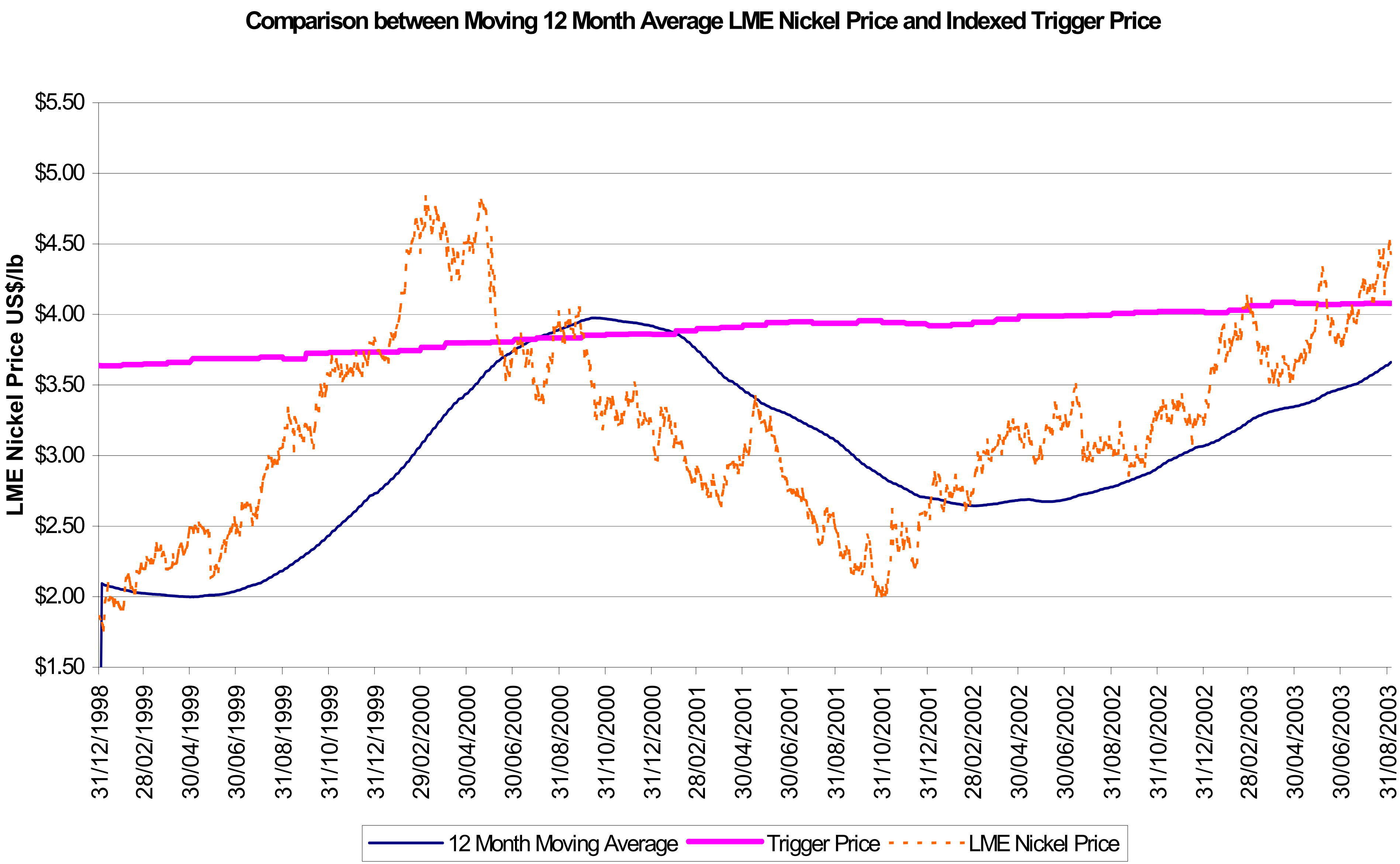
Whilst Central Exchange is pleased with the current direction of LME nickel prices, the perceived outlook for the future and the possibility of payment by Anaconda of the Agreed Amount (presently $19,009,823), the Board of Central Exchange notes that:

- There is no certainty that LME nickel prices will maintain or increase from their current levels;
- There is a possibility that LME nickel prices may decrease in the future;
- The requirement for nickel to maintain an average price for a 12 month period, by its nature, requires a long term position to be adopted compared with only relatively recent increases in the nickel price;
- The current Trigger Price of US$4.09 per pound is linked to US CPI and if US CPI increases, such Trigger Price will be revised upwards, potentially increasing the "gap" between the Trigger Price and the 12 month LME Average Nickel Price, notwithstanding that nickel prices may have also increased over the same period.

Central Exchange continues to treat the Agreed Amount as a contingent asset in its financial statements.

Furthermore, the Board of Central Exchange notes that should the current nickel price be sustained in the next 12 months and the Trigger Price reached, the Agreed Amount will become due and payable, which when ultimately received, would significantly increase the net assets of Central Exchange. In this regard, the Board of Central Exchange notes that the current Agreed Amount of $19,009,823 would be equivalent to $2.23 per each Central Exchange fully paid ordinary share (excluding the effects of taxation).

DIRECTOR'S REPORT



DIRECTOR'S REPORT

4. UNSUCCESSFUL ACQUISITION OF JUNIPER RESOURCES LTD

On 22 May 2002, the Company entered into an agreement with the shareholders (the **"Juniper Vendors"**) of Juniper Resources Ltd (**"Juniper"**) to acquire all of the issued share capital of Juniper (**"Share Sale Agreement"**).

Pursuant to the Share Sale Agreement, the Company was to acquire all of the issued share capital in Juniper from the Juniper Vendors for the sum of $3,000,000 to be satisfied by the issue of 15,000,000 ordinary fully paid shares (on a post 1:10 share consolidation basis) in the Company at an issue price of 20 cents per share on the terms and conditions set out in the Share Sale Agreement. No funds were payable by, or to, the Company pursuant to the Share Sale Agreement. The consideration payable by the Company under the Share Sale Agreement was to be satisfied solely by the issue of shares in the Company.

The Company had commissioned an Independent Geological and Valuation Report from Wilkinson and Associates Pty Ltd of the 6 gold, base metal, copper and iron-ore resource projects (**"Projects"**) in Western Australia held by Juniper and its wholly owned subsidiary Australian Mineral Investments Pty Ltd (**"AMI"**). This report dated 28 May 2002 was included in the Company's Prospectus (referred to below) and concluded that the Projects had a preferred valuation of $4,150,000.

4.1 Termination of Share Sale Agreement

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 the following conditions:

(i) completion by the Company of its due diligence investigation of Juniper, AMI, the Projects and the financial, taxation and other affairs of Juniper and AMI;

(ii) the Company satisfying all requirements of the Corporations Act 2001 and the ASX Listing Rules including obtaining the approval of its shareholders as may be required in relation to the Share Sale Agreement and all other statutory approvals which may be required;

(iii) the Company obtaining the approval of its shareholders to:

  (a) the termination of the Technical Services Agreement; and

  (b) the consolidation of the existing issued share capital of the Company on a one (1) for ten (10) basis;

  (c) all approvals and consents referred to in (ii) and (iii) above being obtained by 31 July 2002;

(iv) the Company raising, by 22 November 2002, by way of public or private offer, a minimum amount of $1,500,000 (by way of the issue of 7,500,000 shares at an issue price of 20 cents per share);

In this regard:

- on 12 July 2002, the Company declared that it was satisfied with the outcome of its due diligence investigation to the Juniper Vendors;
- on 30 July 2002, shareholders of the Company at a general meeting approved various resolutions in relation to the acquisition of Juniper and related matters (details of which are described below);
- on 1 August 2002, the Company issued a Prospectus (details of which are described below).

DIRECTOR'S REPORT

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 Share Sale Agreement for failure to fulfil a condition precedent – namely, condition precedent (iv) above, that the Company raise, within 6 months of the date of the Share Sale Agreement, a minimum of $1.50 million. It was further noted that such termination released the parties from their obligations to further perform the Share Sale Agreement (except as to confidentiality)

(iii) Messrs H. Shanker Madan and John Stephenson, also being directors of Juniper Resources Ltd, had resigned as directors of the Company effective immediately; and

(iv) Mr Brett McKeon had also resigned as a director effective 28 November 2002

5. UNSUCCESSFUL CAPITAL RAISING BY PROSPECTUS

On 1 August 2002, the Company lodged a Prospectus for the issue of:

- a total of 15,000,000 shares at an issue price of 20 cents per share to raise $3,000,000 (with a minimum subscription of $1,500,000 and oversubscriptions of an additional $3,000,000).
- a total of up to 53,499,236 options (or, if the offer of shares pursuant to the Prospectus was not fully oversubscribed, such lesser number of options so that the number of options on issue is equal to the number of shares then on issue) at an issue price of one (1) cent per option to raise up to $534,992. All options entitled the holder to acquire one (1) share for each option held and were exercisable at an exercise price of 20 cents per share at any time on or before the fifth anniversary of the date of issue of such option.

The share and option issues pursuant to the Prospectus was subject to and conditional upon settlement of the Share Sale Agreement (which, in turn, was conditional upon the Company raising by 22 November 2002, by way of public or private offer, a minimum amount of $1,500,000 (by way of the issue of 7,500,000 shares at an issue price of 20 cents per share)).

The Prospectus was not underwritten but Hudson Securities Ltd had been appointed as Sponsoring Broker.

On 5 September 2002, the Company announced an extension of the indicative closing date of the Prospectus to 8 November 2002.

On 30 October 2002, the Company announced an extension of the indicative closing date of the Prospectus to 25 November 2002.

On 26 November 2002, the Company announced that 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. All applications monies were subsequently returned.

6. SETTLEMENT AND TERMINATION OF TECHNICAL SERVICE AGREEMENT

The Company was required to pay Queste $1,000,000 per annum (indexed for inflation after the first 12 months) for the provision by Queste of 3,000 hours per annum of technical services, pursuant to a Technical Services Agreement dated 4 June 1999, the execution of which was ratified by shareholders on 29 September 1999. This technical service fee was payable by monthly instalments in advance (**"Monthly Fee"**) and commenced in November 1999.

The Monthly Fee was, at the Board's election, payable in any month by the issue of fully paid ordinary shares, the price of such shares to be calculated at 80% of the weighted average price for the 4 week trading period on the ASX immediately preceding the due date for payment of the Monthly Fee to which the issue relates.

DIRECTOR'S REPORT

During the 2001/2002 financial year the Board entered into discussions with the Board of Queste regarding the Monthly Fees from October 2001 to the balance of the term of the Technical Services Agreement with the view to a possible termination of the agreement prior to its natural effluxion as the Company no longer required the provision of technical services.

At that time, the last Monthly Fee invoiced by Queste and paid by the Company was for services performed in September 2001. Queste asserted that $1,167,000 remained at issue, representing Monthly Fees due and payable from 1 September 2001 (for services performed in October 2001) to the end of the term of the Technical Services Agreement.

In April 2002, the independent Director of the Company reached agreement with the independent directors of Queste (subject to each respective company's shareholder approvals) on the following consideration payable by the Company to Queste as full and final discharge of all past and future fees outstanding and payable under the Technical Services Agreement:

(i) $300,000 to be satisfied by the issue of shares in the Company at an issue price of 80% of the weighted average price for fully paid ordinary shares in the Company for the period from 28 December 2001 to 26 March 2002, being 1.551 cents per share (on a pre 1:10 share consolidation basis); and

(ii) $150,000 cash.

The common Directors of both companies were not involved in any determination with respect to this proposed settlement. Both companies had separate legal representation in this matter and the proposed settlement put to shareholders was reached on an arm's length basis.

The Board called a general meeting on 30 July 2002 to allow shareholders to consider and, if thought fit, pass a resolution approving the termination of the Technical Services Agreement and the settlement of all past and future fees outstanding and payable under the Technical Services Agreement as described above.

The Directors commissioned an Independent Expert's Report prepared by BDO Consultants (WA) Pty Ltd for inclusion in the Notice of Meeting Information Memorandum and which report concluded that the proposed termination and settlement of the Technical Services Agreement the subject of the relevant resolution was fair and reasonable to the non-associated shareholders of the Company.

The Board considered that the termination of the Technical Services Agreement was in the best interests of the Company as satisfying part of the settlement payment by the issue of shares in the Company would be beneficial in that it would permit the Company to preserve its cash reserves. Furthermore, the Board considered that the Technical Services Agreement should be terminated so that the Company would not incur any further liability to pay fees under the terms of the agreement, in circumstances where the corresponding services were not required.

On 30 July 2002, shareholders passed, amongst others, a resolution approving the settlement and termination of the Technical Services Agreement. Queste did not vote on the resolution at such meeting and the matter was determined by unassociated shareholders. Queste shareholders also approved the same at their general meeting held on 8 August 2002.

Pursuant to such shareholder approvals:

(i) 1,934,236 shares (on a post 1:10 share consolidation basis) were issued to Queste on 12 August 2002 at a deemed consideration of $300,000; and

(ii) $150,000 cash was paid to Queste on 5 September 2002.

Queste currently holds 4,149,112 shares in the Company (being 48.817% of issued ordinary share capital).

DIRECTOR'S REPORT

7. CURRENT GENERAL INVESTMENT STRATEGIES

As evidenced by the proposal to acquire Juniper last year, the Board has sought to add value to the asset base and underlying share price of the Company through the pursuit of selective investment and other commercial opportunities.

Such endeavours have re-commenced upon the termination of the Juniper acquisition transaction.

The Board will endeavour to pursue such selective investment and commercial opportunities with the objective(s) of creating a secure income stream for the Company and/or the acquisition of assets that provide for capital growth. Assets will be acquired either on the basis that they are currently undervalued or present the opportunity for superior capital growth.

The intention is to increase the asset base of the Company to a level which the Board considers is a prudent capital base from which it will be able to take advantage of further commercial investment activities. The Board will also consider the expansion of the capital base of the Company through the issue of equity capital and/or the formation of strategic alliances or mergers with other companies.

The Board believes that a listed company requires a critical mass of capital sufficient to secure commercial opportunities and accordingly provide both an income stream and capital growth for its shareholders. The Board believes that a prudent capital base from which a listed company is able to secure such commercial objectives is between $10 – 15 million.

This capital base of $10 -$15 million dollars has been determined as an appropriate base by the Board based upon a number of matters including but not limited to an analysis of the existing capital structure of he Company, its current cash reserves, the present state of the Australian capital markets, the likelihood of the Company attracting capital investment in the short to medium term at prices at least equal to or in excess of its current cash backing and the level of internal investment capital the Board believes the Company requires to generate economic returns sufficient to attract investor support and accordingly the ability to raise further capital.

The Board does not believe that the Company will be readily able to achieve such objective on its own. The Board however believes that such objective can be achieved through an "aggregation" process whereby the assets of the Company and a number of other suitable listed companies are combined effectively into a single entity that holds the collective net tangible assets previously held in each separate company.

This "aggregation" process may be realised (subject to acceptable taxation advice and compliance with the Corporations Act and the ASX Listing Rules) through a number of avenues including participating companies subscribing to a new "master" company or via a scheme of arrangement. Alternatively, an existing participating company may be used as the "lead" vehicle in terms of the aggregation process.

The Board is currently in discussions with a number of Australian public listed companies with respect to this aggregation process and will advise shareholders on the outcome of these discussions.

However, recent increases in the LME nickel price leading to an increased prospect for the realisation of the Anaconda Settlement Deed Agreed Amount of approximately $19m in potentially 4-5 months time (as described in section 3 of this report) has implications for the timing and manner of the Company's participation in the "aggregation" strategy. The Board will have regard for the Anaconda Settlement Deed prior to entering into or finalising the terms of the Company's participation in any such "aggregation" process.

DIRECTOR'S REPORT

8. CORPORATE

8.1. General Meeting

At a General Meeting on 30 July 2002, all resolutions put to shareholders were passed, including with respect to the following matters:

(i) The settlement and termination of the Technical Services Agreement with Queste;

(ii) the conversion of the current issued share capital of the Company on a one (1) for ten (10) basis;

(iii) the change in the nature and scale of the Company's activities from a company involved in telecommunications to a company primarily involved in resources exploration and exploitation;

(iv) the acquisition of Juniper;

(v) the issue of the shares and options pursuant to a Prospectus; and

(vi) the change of name of the Company to "Juniper Resources Limited",

As the Share Sale Agreement for the acquisition of Juniper has terminated, the Company does not propose to change its name to "Juniper Resources Limited."

8.2. Share Reconstruction

On 8 August 2002, the Company's fully paid ordinary shares were consolidated on a on a one (1) for ten (10) basis with fractions of shares after such reorganisation being rounded up to the nearest one share.

The number of shares on issue prior to such reorganisation was 65,650,000.

The number of shares on issue after such reorganisation was 6,565,027.

SECURITIES IN THE COMPANY

At the date of this report, there are the following numbers of the Company's securities on issue:

(i) 8,499,236 listed fully paid ordinary shares.

1,934,236 shares were issued to Queste on 12 August 2002 pursuant to the settlement of the Technical Services Agreement.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is not subject to any particular or significant environmental regulation.

DIVIDENDS

No dividends have been paid or declared during the financial year. The Directors do not recommend the payment of a dividend in respect of the financial year.

DIRECTOR'S REPORT

TAX CONSOLIDATION

The Company and its controlled entities have not entered into tax consolidation.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is contained elsewhere in this annual report.

DIRECTORS

Details of Directors in office during or since the financial year are:

1. **William M. Johnson**
   Executive Chairman
   Age 41
   Appointed 28 February 2003

   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 has held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia, including Telecom New Zealand Ltd as Regional Director, Asia Pacific. Mr Johnson has also been the General Manager of the Company since February 2001.

2. **Yaqoob Khan**
   Non-Executive Director
   Age 38

   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 is also a Director of ASX listed companies, Queste Communications Ltd and Fast Scout Ltd. Mr Khan brings considerable international experience in key aspects of corporate finance, production and marketing.

3. **Victor P. H. Ho**
   Executive Director
   Age 33
   Appointed 1 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. Mr Ho has 9 years experience in the taxation profession with the Australian Tax Office and in a specialist tax law firm. Mr Ho has been the Company Secretary of the Company since June 2000. He is also currently an Executive Director and Company Secretary of ASX listed companies Fast Scout Ltd, Altera Capital Ltd (formerly Bigshop.com.au Ltd) and Software Communication Group Ltd and the Company Secretary of ASX listed company, Queste Communications Ltd. Mr Ho has extensive experience in public company administration.

DIRECTOR'S REPORT

4. **Farooq Khan -** Appointed 4 October 1999 and resigned 1 July 2003 as Executive Chairman and Managing DIrector.

5. **Antony W. P. Sage -** Appointed 30 October 1995 and resigned 28 February 2003 as Non-Executive Director.

6. **Brett M. McKeon -** Appointed 4 October 1999 and resigned 28 November 2002 as Non-Executive Director.

7. **H. Shanker Madan -** Appointed 12 July 2002 and resigned 26 November 2002 as Non-Executive Director.

8. **John F. Stephenson -** Appointed 12 July 2002 and resigned 26 November 2002 as Non-Executive Director.

Mr Yaqoob Khan is resident overseas.

The current Directors take this opportunity to thank each of Messrs Farooq Khan, Antony Sage, Brett McKeon, Shanker Madan and John Stephenson for their services to the Company.

DIRECTORS' MEETINGS

During the year, the Company held 10 meetings of Directors (including Directors' Circulatory Resolutions). The attendance of the Directors at such meetings were:

Name of Director	Meetings Attended	Maximum Possible Meetings
F. Khan	10	10
W. Johnson	1	1
Y. Khan	8	10
A. W. P. Sage	7	9
B. M. McKeon	4	8
H.S. Madan	6	8
J. F. Stephenson	7	8

There were no meetings of committees of the Board.

DIRECTORS' RELEVANT INTEREST

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

Name of Director	Fully Paid Ordinary Shares
W. Johnson	Nil
Y. Khan	Nil
V. P. H. Ho	Nil

DIRECTOR'S REPORT

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The Board reviews the remuneration packages of all Directors and Executive Officers. The Board does not have any formal remuneration policy but any decision on remuneration increases or bonuses is made having due regard to the Consolidated Entity's performance and other relevant factors.

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

Remuneration of Directors of the Company

Name of Director	Office	Salary $	Fees $	Superannuation $	Other Benefits $	Total $
F. Khan	Chairman and Managing Director	122,790	11,051	-	-	133,841
W. Johnson	Executive Director and General Manager	40,947	20,483	5,528	-	66,958
Y. Khan	Non-Executive Director	-	25,000	-	-	25,000
A. W. P. Sage	Non-Executive Director	-	16,667	1,500	15,000	33,167
B. M. McKeon	Non-Executive Director	-	10,577	952	-	11,529
H.S. Madan	Non-Executive Director	-	-	-	-	-
J. F. Stephenson	Non-Executive Director	-	3,945	-	-	3,945

Remuneration of 5 Most Highly Paid Executive Officers (Other Than Directors) of the Company

Name of Executive Officer	Position	Salary $	Superannuation $	Total $
V Ho	Company Secretary	31,000	3,005	34,005

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

As described above, the current Directors, Messrs William Johnson, Yaqoob Khan and Victor Ho, have agreed to forgo their Directors' fees (effective from 1 July 2003) until further notice.

INDEMNITIES

The Company's constitution provides that, subject to and so far as permitted by the Corporations Act 2001:

(a) the Company must, to the extent the person is not otherwise indemnified, indemnify every officer of the Company and its wholly owned subsidiaries and may indemnify its auditor against a liability incurred as such as an officer or auditor to a person (other than the Company or a related body corporate), unless the liability arises out of conduct involving a lack of good faith; and

(b) the Company may make a payment (whether by way of advance, loan or otherwise) in respect of legal costs incurred by an officer or employee or auditor in defending an action for a liability incurred as such as an officer, employee or auditor or in resisting or responding to actions taken by a government agency or a liquidator.

DIRECTOR'S REPORT

The indemnity in favour of officers is a continuing indemnity. It applies in respect of all acts done by a person while an officer of the Company or one of its wholly owned subsidiaries even though the person is not an officer at the time the claim is made.

Without limiting a person's rights under the indemnity described above, the Company may enter into an agreement with a person who is or has been an officer of the Company or any of the Company's subsidiaries, to give effect to the rights of the person under the indemnity on any terms and conditions that the Board thinks fit. Other than as disclosed below, the Company has not, during or since the financial year, indemnified or agreed to indemnify a Director, officer or auditor of the Company or of any related body corporate against a liability incurred as such a Director, officer or auditor:

- On 9 August 2002, the Company entered into a deed of indemnity with Mr Brett McKeon in relation to the Prospectus dated 1 August 2002.

Furthermore, the Company has paid premiums in respect of a directors' and officers' liability insurance policy which covered all Directors and officers of the Company and its wholly-owned subsidiaries. The policy conditions preclude the Company from any detailed disclosures concerning such policy. Such policy was not renewed on expiry on 1 July 2003.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Signed for and on behalf of the Directors in accordance with a resolution of the Board made pursuant to section 298(2) of the Corporations Act 2001.

William Johnson	**Victor Ho**
Chairman	Director

Perth, Western Australia

25 September 2003

CORPORATE GOVERNANCE STATEMENT

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

The primary responsibilities of the Board include:

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

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

Terms of Appointment as a Director

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

Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Share Trading

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

Committees

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

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

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

Code Of Conduct

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

Communication to Market and Shareholders

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

- The Annual Report which is distributed to shareholders;
- The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- The Half-Yearly Directors' and Financial reports and the Quarterly and Monthly Cash Flow Reports;
- Other Announcements made in accordance with ASX Listing Rules.

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated Entity		Company	
		2003	2002	2003	2002
	Note	$	$	$	$
Revenue from ordinary activities	2(a)&(b)	58,641	200,665	49,084	193,046
Expenses from ordinary activities:	2(c)				
Cost of services		(54,288)	(58,466)	(10,000)	(13,364)
Personnel		(253,261)	(306,092)	(253,261)	(306,072)
Communications		(19,187)	(21,639)	(19,156)	(17,471)
Occupancy		(33,909)	(28,559)	(33,909)	(28,559)
Corporate					
– technical service fees		-	(550,000)	-	(550,000)
– other		(26,835)	(157,344)	(26,835)	(154,582)
Financing		(3,824)	(2,028)	(3,036)	(1,358)
Borrowing cost		-	(98)	-	(98)
Investment cost		(44,651)	(15,848)	(44,651)	(15,848)
Administration expenses					
– consultants		(61,118)	-	(61,118)	-
– amortisation of VoIP licence		-	(276,000)	-	(276,000)
– amortisation of websites		-	(22,839)	-	(22,839)
– diminution of investments		(32,663)	-	(32,663)	-
– diminution of investments written back		-	2,950	-	2,950
– exploration expenditure written back/ (off)		-	4,455	-	4,455
– provision for doubtful debts		-	-	(39,775)	(149,775)
– cost of investment sold		(20,148)	(22,781)	(20,148)	(22,781)
– share issue costs		(78,563)	-	(78,563)	-
– other		(82,739)	(114,873)	(79,257)	(9,938)
OPERATING LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		(652,545)	(1,368,497)	(653,288)	(1,368,234)
Income tax relating to ordinary activities	3	-	-	-	-
OPERATING LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX		(652,545)	(1,368,497)	(653,288)	(1,368,234)
Basic earnings per share (cents)	18	(7.89)	(1.97)		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	18	8,271,394	69,533,488		

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

		Consolidated Entity		Company	
		2003	2002	2003	2002
	Note	$	$	$	$
CURRENT ASSETS					
Cash	21(b)	414,156	1,169,446	411,374	1,152,075
Receivables	6	5,103	121,658	3,334	118,434
Other	7	5,304	20,560	5,304	20,560
TOTAL CURRENT ASSETS		424,563	1,311,664	420,012	1,291,069
NON CURRENT ASSETS					
Receivables	8	14,106	14,106	14,106	34,701
Investments	9	65,850	118,661	65,950	118,761
Property, plant and equipment	10	37,680	45,214	37,680	45,214
Intangibles	11	-	-	-	-
Other	12	-	-	-	-
TOTAL NON CURRENT ASSETS		117,636	177,981	117,736	198,676
TOTAL ASSETS		542,199	1,489,645	537,748	1,489,745
CURRENT LIABILITIES					
Payables	13	67,786	676,188	62,832	675,042
NON CURRENT LIABILITIES					
Provisions	14	-	4,636	-	4,636
TOTAL CURRENT LIABILITIES		67,786	680,824	62,832	679,678
NET ASSETS		474,413	808,821	474,916	810,067
EQUITY					
Contributed Equity	15	28,780,607	28,462,470	28,780,607	28,462,470
Reserves	16	2,124,000	2,124,000	2,124,000	2,124,000
Accumulated losses	17	(30,430,194)	(29,777,649)	(30,429,691)	(29,776,403)
TOTAL EQUITY		474,413	808,821	474,916	810,067

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated Entity		Company	
		2003	2002	2003	2002
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		40,237	10,224	32,134	6,189
Payments to suppliers and employees		(840,977)	(524,857)	(801,429)	(473,507)
Payments to exploration and evaluation		-	-	-	-
Interest received		31,677	64,367	31,677	64,007
Interest paid		-	(98)	-	(98)
Refunds for exploration expenditure		-	4,455	-	4,455
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	21(a)	(769,063)	(445,909)	(737,618)	(398,954)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for:					
Equity investments		-	(31,250)	-	(31,250)
Plant and equipment		(3,282)	(3,296)	(958)	(2,475)
VoiceNet System servers		-	(759)	-	(759)
Proceeds from sales of:					
Plant and equipment		43	-	43	-
Equity investments		17,012	37,866	17,012	37,866
Loans to controlled entities		-	-	(19,180)	(11,791)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		13,773	2,561	(3,083)	(8,409)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment for share buy back		-	(77,377)	-	(77,377)
Payment for share issue costs		-	(12,028)	-	(12,028)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		-	(89,405)	-	(89,405)
NET DECREASE IN CASH ASSETS HELD		(755,290)	(532,753)	(740,701)	(496,768)
Cash at beginning of the financial year		1,169,446	1,702,199	1,152,075	1,648,843
CASH AT THE END OF THE FINANCIAL YEAR	21(b)	414,156	1,169,446	411,374	1,152,075

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework
The Financial Report is a general purpose Financial Report, which has been prepared in accordance with the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The Financial Report has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies
Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

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

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

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

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

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

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

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

The carrying amount of investments is reviewed bi-annually by the Directors and valued at current market value to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the share's current market value or the underlying net assets in the particular entities. The expected net cash flows have not been discounted to their present values in determining the recoverable amounts.

(d) Employee Entitlements
Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to the Balance Date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave that will be settled within one year have been measured at their face value amount. Other employee entitlements expected to be payable later than one year have been measured at the present value of the estimated cash flows to be made of those entitlements.

Contributions are made by the Consolidated Entity to employee superannuation funds and are charged as expenses when incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

(e) Payables

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

(f) Income Tax

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

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

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

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

(g) Exploration, Evaluation and Development Expenditure

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

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

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

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

(h) Revenue Recognition

(i) Sale of Goods and Disposal of Assets

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

(ii) Contributions of Assets

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

(iii) Interest Revenue

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

(i) Earnings Per Share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

(j) Receivables

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

(k) Principles of Consolidation

The consolidated Financial Statements are prepared by combining the Financial Statements of all the entities that comprise the Consolidated Entity, being the Company (the Company) and its controlled entities. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company. A list of controlled entities is contained in Note 9 to the Financial Statements.

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

(l) Intangibles – Licences

The carrying amount of intangibles (licences) is reviewed bi-annually by the Directors to determine whether they exceed their recoverable amount. The recoverable amounts are assessed on the basis of the expected net cash flows that will be received from the intangibles’ employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts. The recoverability of such assets is dependant on their commercial exploitation to generate profits in excess of its carrying value. In the event that the Consolidated Entity is not successful in the commercial exploitation of such assets, its realisable value may be less than its carrying value.

(m) Goods and Services Tax

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

(i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) For receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(n) Capitalisation of Website Costs

Website work-in-progress involving planning, infrastructure development, graphics, content and operation development are brought to account at cost. Upon completion these costs will be amortised on a diminishing value basis. The carrying amount of property, plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets. Website costs involving maintenance and general operational costs of the site will be expensed in the period incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

2. LOSS FROM ORDINARY ACTIVITIES

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

	Consolidated Entity		Company	
	2003	2002	2003	2002
(a) Operating revenue	$	$	$	$
Calls revenue	9,557	7,259	-	-
Mining royalties	351	28,890	351	28,890
Interest received - other	31,678	62,421	31,678	62,061
		-		-
	41,586	98,570	32,029	90,951
(b) Non-operating revenue				
Proceeds from sale of assets:				
Plant and equipment	43	-	43	-
Share investments	17,012	37,866	17,012	37,866
Revaluation of investments	-	58,040	-	58,040
Other income	-	6,189	-	6,189
Total revenue	58,641	200,665	49,084	193,046
(c) Expenses				
Operating expenses				
Cost of services	54,288	58,466	10,000	13,364
Occupancy expenses	33,909	28,559	33,909	28,559
Finance expenses	3,824	2,028	3,036	1,358
Borrowing cost	-	98	-	98
Corporate expenses				
- Technical services fees	-	550,000	-	550,000
- Other	26,835	157,344	26,835	154,582
Administration expenses				
- Communications	19,187	21,639	19,156	17,471
- Consultants	61,118	-	61,118	-
- Personnel - employee entitlements	253,261	7,270	253,261	7,270
- other	-	298,822	-	298,802
- Investment related cost	44,651	15,848	44,651	15,848
- Amortisation of VoIP licence	-	276,000	-	276,000
- Amortisation of website	-	22,839	-	22,839
- Diminution of investments (written back)	32,663	(2,950)	32,663	(2,950)
- Exploration expenses written (back)/off	-	(4,455)	-	(4,455)
- Depreciation	8,408	44,755	8,408	9,938
- Provision of doubtful debts	-	-	39,775	149,775
- Cost of assets sold	84	-	85	-
- Cost of investment sold	20,148	22,781	20,148	22,781
- Write off receivables	4	-	4	-
- Write down plant and equipment	2,324	70,118	-	-
- share issue costs	78,563	-	78,563	-
- Other	71,919	-	70,760	-
	711,186	1,569,162	702,372	1,561,280

(d) Sale of Assets

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

Net Gain Plant and equipment	(41)	-	(42)	-
Share investments	(3,136)	15,085	(3,136)	15,085
	(3,177)	15,085	(3,178)	15,085

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

3. INCOME TAX EXPENSE

	Consolidated Entity		Company	
	2003	2002	2003	2002
(a) The prima facie income tax on operating loss is reconciled to the income tax provided in the accounts as follows:	$	$	$	$
Loss from ordinary activities	(652,545)	(1,368,497)	(653,288)	(1,368,234)
Income tax expense calculated at 30% (2002:30%) of operating losses.	(195,764)	(410,549)	(195,986)	(410,470)
Permanent differences				
Amortisation of intangibles and website	-	89,652	-	89,652
Other non-deductible items	15,003	53,310	19,955	53,310
Tax effect of timing differences not brought to account	6,044	(19,633)	6,044	(19,633)
Tax losses not brought to account	174,717	287,220	169,987	287,141
Income tax expense attributable to operating profit	-	-	-	-

(b) The Directors estimate that the potential future income tax benefits not brought to account are:

Revenue losses	1,170,600	1,232,000	1,481,000	1,231,000
Section 122J exploration expenses	1,192,690	1,194,026	1,192,690	1,194,026
Other timing differences	1,682,000	1,673,000	1,615,000	1,606,000
	4,045,290	4,099,026	4,288,690	4,031,026

The future benefit of tax benefits have not been brought to account as realisation of the benefit cannot be regarded as virtually certain. These tax benefits will only be obtained if:

(i) assessable income is derived of a nature and of amount sufficient to enable the benefit from deductions to be

(ii) conditions for deductibility imposed by the law are complied with; and

(iii) no changes in taxation legislation adversely affect the realisation of the benefit from deductions.

4. REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

	Consolidated Entity		Company	
(a) Directors Remuneration	2003	2002	2003	2002
	$	$	$	$
(i) Total remuneration paid or payable, or otherwise made available to Directors by the Consolidated Entity.	274,440	209,081	274,440	209,081

The Directors of the Consolidated Entity during the year are disclosed in Note 21 of the Financial Statements.

The number of Directors whose remuneration falls within the specified bands:	2003 Number	2002 Number
$ nil to $ 9,999	2	-
$ 10,000 to $ 19,999	1	-
$ 20,000 to $ 29,999	1	3
$ 30,000 to $ 39,999	1	-
$ 60,000 to $ 69,999	1	-
$ 120,000 to $ 129,999	-	1
$ 130,000 to $ 139,999	1	-

(ii) Current directors Messrs Y Khan and W Johnson and former directors, Messrs F Khan and B McKeon, also received director or employee (in the case of Mr W Johnson) remuneration from Queste Communications Ltd (being a related party within the meaning of accounting Standard AASB 1017 "Related Party Disclosure"). Such remuneration is not disclosed because it was not paid in connection with the management of the affairs of the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

4. REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS (Cont)

(b) Executive Officers Remuneration

	Consolidated Entity		Company	
	2003	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
Total remuneration paid or payable, or otherwise made available to Executive Officers (excluding Executive Directors) by the Consolidated Entity and related parties (within the meaning of accounting Standard AASB 1017 "Related Party Disclosure") of the Consolidated Entity whose income is more than $100,000 or more.	-	136,201	-	136,201

The number of Executive Officers whose remuneration falls within the specified bands:	**2003 Number**	**2002 Number**
$ 130,000 to $ 139,999	-	1

5. AUDITORS REMUNERATION

	Consolidated Entity		Company	
	2003	**2002**	**2003**	**2002**
Amounts received or due and receivable by:	**$**	**$**	**$**	**$**
(a) Auditor of the Consolidated Entity				
Audit and review of financial reports	7,268	20,001	7,268	20,001
(b) Related practice of the Consolidated Entity Auditor				
Other services	-	5,013	-	5,013
	7,268	25,014	7,268	25,014

6. CURRENT RECEIVABLES

Amounts receivable from				
Trade receivables	840	35,007	-	31,783
Director related entities	-	4,701	-	4,701
Others	4,263	81,950	3,334	81,950
	5,103	121,658	3,334	118,434

7. OTHER CURRENT ASSETS

Prepayments	5,304	20,560	5,304	20,560

8. NON-CURRENT RECEIVABLES

Amounts receivable from controlled entities	-	-	444,817	425,637
Less provision for non-recovery	-	-	(444,817)	(405,042)
	-	-	-	20,595
Bonds and guarantees	14,106	14,106	14,106	14,106
	14,106	14,106	14,106	34,701

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

9. NON-CURRENT INVESTMENTS

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Investments comprise:				
Shares in listed companies	5,433,416	5,511,607	5,433,416	5,511,607
Less: provision for diminution	(5,367,566)	(5,392,946)	(5,367,566)	(5,392,946)
Revaluation value -refer (i)	65,850	118,661	65,850	118,661
Shares in controlled entities at cost	-	-	225,100	225,100
Less: provision for diminution	-	-	(225,000)	(225,000)
	65,850	118,661	65,950	118,761
Market value of listed share investments	65,850	118,661	65,850	118,661

(i) Shares in listed companies have been revalued to current market values as at the Balance Date. Refer Note 1(c) to the Financial Statements.

Investment in Controlled Entities:	Ownership interest	
	2003	2002
Hume Mining NL (ACN 064 994 945)		
Incorporated in Australia on 29 March 1994	100%	100%
This company is not currently engaged in any activities.		
Central Exchange Operations Pty Ltd (ACN 094 097 122)		
Incorporated in Australia on 10 August 2000	100%	100%
This company was engaged in telecommunication service operations.		
Such operations were closed down in August 2003. This company is not currently engaged in any activities.		

10. PROPERTY, PLANT AND EQUIPMENT

Consolidated Entity:	Plant & Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount	$	$	$
Balance at 30 June 2002	179,088	21,788	200,876
Additions	3,282	-	3,282
Disposals	(109)	-	(109)
Balance at 30 June 2003	182,261	21,788	204,049
Accumulated Depreciation			
Balance at 30 June 2002	(148,848)	(6,814)	(155,662)
Depreciation expense	(6,162)	(2,246)	(8,408)
Disposals	25	-	25
Write off	(2,324)	-	(2,324)
Balance at 30 June 2003	(157,309)	(9,060)	(166,369)
Net Book Value			
As at 30 June 2002	30,240	14,974	45,214
As at 30 June 2003	24,952	12,728	37,680

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

10. PROPERTY, PLANT AND EQUIPMENT (Cont)

Company:	**Plant & Equipment**	**Leasehold Improve-ments**	**Total**
Gross Carrying Amount			
Balance at 30 June 2002	54,081	21,788	75,869
Additions	958	-	958
Disposals	(109)	-	(109)
Balance at 30 June 2003	54,930	21,788	76,718
Accumulated Depreciation			
Balance at 30 June 2002	(23,841)	(6,814)	(30,655)
Depreciation expense	(6,162)	(2,246)	(8,408)
Disposals	25	-	25
Balance at 30 June 2003	(29,978)	(9,060)	(39,038)
Net Book Value			
As at 30 June 2002	30,240	14,974	45,214
As at 30 June 2003	24,952	12,728	37,680

11. INTANGIBLES

	Consolidated Entity		**Company**	
	2003	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
VoiceNet System VoIP Licence - at cost	2,300,000	2,300,000	2,300,000	2,300,000
Internet Website	22,839	22,839	22,839	22,839
	2,322,839	2,322,839	2,322,839	2,322,839
Less: Accumulated Amortisation	(2,322,839)	(2,322,839)	(2,322,839)	(2,322,839)
	-	-	-	-

12. OTHER NON-CURRENT ASSETS

Deferred Exploration Expenditure

Balance at beginning of the year	-	-	-	-
Movements				
Direct expenditure	-	-	-	-
Less: refunded exploration expenditure	-	(4,455)	-	(4,455)
Less: loss on sale of tenements	-	-	-	-
	-	(4,455)	-	(4,455)
Less: exploration expenditure written back/ (off)	-	4,455	-	4,455
Balance at end of the year	-	-	-	-

13. CURRENT PAYABLES

Trade creditors	257	83,960	257	83,960
Other creditors - related parties	4,535	450,081	4,535	450,081
Other creditors and accruals	62,994	142,147	58,040	141,001
	67,786	676,188	62,832	675,042

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

14. NON-CURRENT PROVISIONS

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Provision for annual leave	-	4,636	-	4,636
Number of employees (including Executive Directors and Officers) at Balance Date	3	3	3	3

15. CONTRIBUTED EQUITY

8,499,263 (2002: 65,650,000) fully paid ordinary shares	28,780,607	28,462,470	28,780,607	28,462,470

On 8 August 2002, the Company's fully paid ordinary shares were consolidated on a on a one (1) for ten (10) basis
The number of shares on issue prior to such reorganisation was 65,650,000.
The number of shares on issue after such reorganisation was 6,565,027 (after rounding up to whole number of shares).

a) Movement in Ordinary Share Capital

Balance at beginning of financial year	28,462,470	28,458,744	28,462,470	28,458,744
Issue of 1,934,236 shares on 12 August 2002	300,000	100,000	300,000	100,000
Prospectus related costs	18,137	(18,137)	18,137	(18,137)
Share buy-back	-	(78,137)	-	(78,137)
Balance at end of financial year	28,780,607	28,462,470	28,780,607	28,462,470

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

16. RESERVES

Option Application Reserve - refer (i)	124,000	124,000	124,000	124,000
Asset Realisation Reserve - refer (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 this Option Application Reserve. This Option Application Reserve relates to consideration received for the issue of options that have since lapsed.
(ii) There were no movements during the year in this Asset Realisation Reserve. This Asset Realisation Reserve relates to the realisation of revalued mining tenements in prior years.

17. ACCUMULATED LOSSES

Balance at beginning of the year	29,777,649	28,409,152	29,776,403	28,408,169
Net loss	652,545	1,368,497	653,288	1,368,234
Balance at end of financial year	30,430,194	29,777,649	30,429,691	29,776,403

18. EARNINGS PER SHARE

	Consolidated Entity	
	2003	2002
Basic earnings per share (cents)	(7.89)	(1.97)
Net loss for the year	(652,545)	(1,368,497)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	8,271,394	69,533,488

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

19. SEGMENT REPORTING

The Consolidated Entity operates in one geographical segment (Australia) in the mining and communication industries.

	External Revenue		Operating Results	
	2003	2002	2003	2002
	$	$	$	$
Mining	351	28,890	351	17,497
Investments	17,012	95,906	(60,386)	76,075
Communications	9,557	7,259	(47,055)	(935,347)
	26,920	132,055	(107,090)	(841,775)
Unallocated	31,721	68,610	(545,455)	(526,722)
	58,641	200,665		
Profit from ordinary activities before income tax			(652,545)	(1,368,497)
Income tax expense relating to ordinary activities			-	-
Profit from ordinary activities after income tax			(652,545)	(1,368,497)

	Assets		Liabilities	
	2003	2002	2003	2002
	$	$	$	$
Investments	65,850	118,661	-	-
Communications	-	2,264	-	-
	65,850	120,925	-	-
Unallocated	476,349	1,368,720	(67,786)	(680,824)
	542,199	1,489,645	(67,786)	(680,824)

	Mining		Investments		Communications	
Other Segment Information	2003	2002	2003	2002	2003	2002
	$	$	$	$	$	$
Acquisition of segment assets	-	-	-	31,250	-	-
Depreciation and amortisation of segment assets	-	-	-	-	-	310,817
Other non-cash expenses						
Write down of segment assets	-	-	-	-	2,324	70,118
Revaluation/ diminution of investments	-	-	32,663	(2,950)	-	-
Write back of segment assets	-	(4,455)	-	-	-	-

The mining segment in 2002 and 2003 derives its revenue from mining royalties.

The telecommunications segment derives its revenues from the provision of voice telecommunications services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

20. RELATED PARTY DISCLOSURES

The names of each person holding or having held the position of Director of the Company during the financial year are:

- Messrs Farooq Khan, Yaqoob Khan, William M. Johnson (appointed 28 February 2003), Antony W P Sage (resigned 28 February 2003), Brett M. McKeon (resigned 28 November 2002), H. Shanker Madan (resigned 26 November 2002) and John F. Stephenson (resigned 26 November 2002).

Since the Balance Date, Mr Farooq Khan resigned on 1 July 2003 and Mr Victor P H Ho was appointed on 1 July 2003.

(a) Equity Interests in Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 9 to the Financial Statements.

(b) Directors' Remuneration

Information on the remuneration of Directors is disclosed in Note 4 to the Financial Statements.

(c) Directors' Equity Holdings

(i) **Ordinary Shares**	**Fully Paid 2003**	**Fully Paid 2002**
Issued during the financial year to Directors and their Director Related Entities by the Company	-	-
Redeemed, exercised or bought back during the financial year from Directors and their Director Related Entities by the Company	-	-
Held as at Balance Date by Directors and their Director Related Entities in the Company	19,000	340,000

(d) Transactions with Controlled Entities

During the financial year, the Company incurred operating expenses on behalf of Central Exchange Operations Pty Ltd and Hume Mining NL, wholly owned subsidiaries of the Company. The following amounts remain outstanding at Balance Date. Interest is not charged on such outstanding amounts.

Entity	**Amounts Outstanding**
Hume Mining NL	198,741
Central Exchange Operations Pty Ltd	246,077
	444,818

(e) Transactions with Director Related Parties or Other Related Parties

(i) Other Creditors

During the financial year, Queste Communications Ltd ("Queste") (a related party within the meaning of Accounting Standard AASB 1017 "Related Party Disclosures") incurred operating expenses on behalf of the Consolidated Entity, pursuant to shared office and administration expense arrangements. The following amount remains outstanding at the Balance Date by the Consolidated Entity. Interest is not charged on such outstanding amounts.

Entity	**Amount Outstanding**
Queste Communications Ltd	4,535

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

20. RELATED PARTY DISCLOSURES

(e) Transactions with Director Related Parties or Other Related Parties (cont)

(ii) Issue of Shares

On 30 July 2002, the Company's shareholders passed, amongst others, a resolution approving the settlement and termination of a technical services agreement with Queste. Queste did not vote on the resolution at such meeting and the matter was determined by unassociated shareholders. Queste shareholders also approved the same at their general meeting held on 8 August 2002.

Pursuant to such shareholder approvals:

(a) 1,934,236 shares (on a post 1:10 share consolidation basis) were issued to Queste on 12 August 2002 at a deemed consideration of $300,000; and

(b) $150,000 cash was paid to Queste on 5 September 2002.

Such $450,000 consideration paid on the termination and settlement of the techncial services agreement have already been recognised as an expense by the Company for the financial year ended 30 June 2002.

21. STATEMENT TO CASH FLOWS

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

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Operating loss from ordinary activities after tax	(652,545)	(1,368,497)	(653,288)	(1,368,234)
Depreciation - plant & equipment	8,408	44,755	8,408	9,938
Amortisation - intangibles	-	298,839	-	298,839
Write off plant and equipment	2,324	70,118	-	-
Provision for doubtful debts	-	-	39,775	149,775
Write off receivables	4	-	4	-
Revaluation of investments	-	(58,040)		(58,040)
Provision for diminution	32,663	(2,950)	32,663	(2,950)
Gain on sale of investments	3,136	(15,085)	3,136	(15,085)
Gain on sale of assets	41	-	42	-
Issue of shares in lieu of technical fees	300,000	100,000	300,000	100,000
	-	-	-	-
(Increase)/decrease in assets:				
Current receivables	56,624	(23,011)	55,169	(19,787)
Non current receivables	-	-	-	-
Other current assets	-	(19,764)	-	(20,254)
Increase/(decrease) in liabilities:				
Current payables	(515,082)	532,100	(518,891)	531,218
Other current liabilities	(4,636)	(4,374)	(4,636)	(4,374)
Net cash flows from operating activities	(769,063)	(445,909)	(737,618)	(398,954)

(b) Reconciliation of Cash

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

	Consolidated Entity		Company	
	2003	2002	2003	2002
	$	$	$	$
Cash at bank	414,156	177,516	411,374	160,145
Bank bills	-	991,930	-	991,930
	414,156	1,169,446	411,374	1,152,075

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

22. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate (less than 1 year)	Non-Interest Bearing	Total
		$	$	$	$
2003					
Financial assets					
Cash	4.05%	414,156	-	-	414,156
Receivables		-	-	19,209	19,209
Investments		-	-	65,850	65,850
		414,156	-	85,059	499,215
Financial liabilities					
Payables		-	-	(67,786)	(67,786)
Net financial assets		414,156	-	17,273	431,429
2002					
Financial assets					
Cash	4.43%	177,516	991,930	-	1,169,446
Receivables		-	-	135,764	135,764
Investments		-	-	118,661	118,661
		177,516	991,930	254,425	1,423,871
Financial liabilities					
Payables		-	-	(676,188)	(676,188)
Net financial assets		177,516	991,930	(421,763)	747,683

Reconciliation of net financial asses to net assets	**2003**	**2002**
Net financial assets as above	431,429	747,683
Non-financial assets and liabilities		
Property, plant and equipment	37,680	45,214
Other assets	5,304	20,560
Provisions	-	(4,636)
Net Assets per Statement of Financial Position	474,413	808,821

(b) Credit Risk Exposure

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

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

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of the financial assets and financial liabilities approximates their carrying value except for Listed Investments, details of which are set out in Note 9 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

23. CONTINGENT ASSET

Anaconda 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 - $19,009,823 as indexed by the United States Consumer Price Index (**"US CPI"**) (non-seasonally adjusted all urban consumers for all items) from September 1996 to August 2003) (**"Agreed Amount"**) on the earlier of certain Review Dates defined as follows:

(1) 12 months after the financiers to the Murrin Murrin Nickel Project (**"Murrin Murrin Project"**) has confirmed that the Murrin Murrin Project is operating to design standards of performance in terms of throughput, recovery and metal production;

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

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

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

Anaconda Position

Anaconda, in its 2003 Annual Report (released on 17 September 2003) at Note 30 (Contingent Assets and Liabilities) of the notes to its financial statements, makes the following statements about this matter:

> *"Under a settlement agreement with Central Exchange Limited (formerly Central Bore Nickel NL, "Central Exchange") [Anaconda Operations Pty Ltd (ANO)], as manager of the Murrin Murrin Joint Venture may be required to pay $16.25million (Anaconda [Nickel Limited] 60% share: $9.8 million) (subject to escalation for inflation based on USA consumer price index) to Central Exchange. The payment is dependent upon several factors. The first factor is that the Review Date as defined under the settlement contract is triggered.*
>
> *Anaconda considers that the Review Date, as defined in the Deed, whereby ANO is required to consider whether any monies are payable to Central Exchange under the Deed occurred on 28 September 2002. Since that date, Anaconda is required to calculate the LME average nickel price for the preceding 12 months and, only if that price is above $US3.50lb indexed, will ANO have to pay $16.25 million (indexed from September 1996 to September 2002).*
>
> *The trigger price was not met on 28 September 2002 and therefore Anaconda is required to repeat the process each month until the trigger price is exceeded and the money becomes payable to Central Exchange. The trigger price had not been met at the date of this report."*

On 8 October 2002, Anaconda formally advised Central Exchange in writing that it considered the Review Date was 28 September 2002. Anaconda did not provide any explanation as to the basis for this determination. However, Central Exchange notes that in its 2001 and 2000 annual reports, Anaconda stated that the Review Date was triggered with the mining of 250,000 tonnes of ore on 12 September 1999 and that the Review Date was therefore 12 September 2002. However, Anaconda's 2002 and 2003 annual reports state this trigger event occurred on 28 September 1999 with an associated Review Date being 28 September 2002.

Therefore, based on Anaconda's view which Central Exchange does not concede, the Agreed Amount is due and payable by Anaconda at the Review Date of 12/28 September 2002 (to be reconciled by Anaconda which the Company has formally sought on 22 September 2003) (or at each subsequent month thereafter) if the average London Metals Exchange Nickel (**"LME"**) nickel daily settlement price (**"LME Average Nickel Price"**) in the 12 months prior to 12/28 September 2002 (or each subsequent month) exceeds the trigger price of US$3.50 per pound as indexed by the US CPI (**"Trigger Price"**).

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

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

In the most recent advice dated 15 September 2003, Anaconda advised Central Exchange that the LME Average Nickel Price in the 12 months to 28 August 2003 was US$3.63 per pound and that this was below the indexed Trigger Price of US$4.08 per pound at that time.

Central Exchange Position

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

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

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

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

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

Average Nickel Price

Central Exchange notes that Anaconda has advised that the LME Average Nickel Price in the 12 months to 28 August 2003 was US$3.63 per pound and that this was below the indexed Trigger Price of US$4.08 per pound on the same date.

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

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

In this regard, Central Exchange notes that:

- The LME nickel price was US$4.681 (US$10,320 per tonne) as at 24 September 2003;
- The LME nickel price has traded above the present Trigger Price of US$4.09 per pound (US$9,026 per tonne) since 25 July 2003 and was at its highest price of US$4.68 (US$10,325 per tonne) during this period on 22 September 2003;
- The 12 month LME Average Nickel Price to 24 September 2003 was ~US$3.740 per pound;
- Accordingly, the present "gap" between the Trigger Price and 12 month LME Average Nickel Price is US$0.3547 per pound;
- Such "gap" was US$0.94 per pound on 31 December 2002 and US$0.60 per pound on 30 June 2003 and has fallen by US$0.2469 per pound since 1 July 2003;
- If the present levels of the LME nickel price are sustained, the Trigger Price may be reached in December 2003. If the actual LME nickel price increases above the present level, the Trigger Price is likely to be reached sooner and vice versa;
- A number of market forecasts for nickel for the next 12 months indicate a strong demand for nickel and consequently a positive outlook for nickel prices.

Whilst Central Exchange is pleased with the current direction of LME nickel prices, the perceived outlook for the future and the possibility of payment by Anaconda of the Agreed Amount (presently $19,009,823), the Board of Central Exchange notes that:

- There is no certainty that LME nickel prices will maintain or increase from their current levels;
- There is a possibility that LME nickel prices may decrease in the future;
- The requirement for nickel to maintain an average price for a 12 month period, by its nature, requires a long term position to be adopted compared with only relatively recent increases in the nickel price;
- The current Trigger Price of US$4.09 per pound is linked to US CPI and if US CPI increases, such Trigger Price will be revised upwards, potentially increasing the "gap" between the Trigger Price and the 12 month LME Average Nickel Price, notwithstanding that nickel prices may have also increased over the same period.

Central Exchange continues to treat the Agreed Amount as a contingent asset in its financial statements.

Furthermore, the Board of Central Exchange notes that should the current nickel price be sustained in the next 12 months and the Trigger Price reached, the Agreed Amount will become due and payable, which when ultimately received, would significantly increase the net assets of Central Exchange. In this regard, the Board of Central Exchange notes that the current Agreed Amount of $19,009,823 would be equivalent to $2.23 per each Central Exchange fully paid ordinary share (excluding the effects of taxation).

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Central Exchange Limited made pursuant to section 295(5) of the *Corporations Act 2001*, we state that:

In the opinion of the directors:

(a) The financial statements and notes of the Company and of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2003 and of their performance for the 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	**Victor Ho**
Chairman	Director

Perth, Western Australia

25 September 2003

Chartered Accountants
& Advisers

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF CENTRAL EXCHANGE LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Central Exchange Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

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

Audit Approach

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

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

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

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

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

Independence

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

Audit Opinion

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

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of its performance for the year ended on that date; and

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

(b) other mandatory financial reporting requirements in Australia.

BDO
Chartered Accountants

B. G. McVeigh
Partner

Perth, WA
Dated this 25th day of September 2003

STOCK EXCHANGE INFORMATION as at 3 September 2003

DISTRIBUTION OF LISTED ORDINARY SHARES

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 1000	311	148,897	1.751
1,001- 5000	279	837,062	9.848
5,001- 10,000	87	687,675	8.090
10,001 – 100,000	74	1,742,960	20.507
100,001 and over	5	5,082,669	59.801
TOTAL	756	8,499,263	100%

Marketable Parcel

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issue Capital
1 – 8,928	646	1,368,234	16.898
8,929 and over	110	7,131,029	83.901
TOTAL	756	8,499,263	100.00

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding valued at $500 or less in total, based upon the Company's net tangible asset backing of 5.60 cents per share as at 30 June 2003. The Company's shares have been suspended from trading on ASX since 30 July 2002. The Company's last closing share price on 29 July 2002 was 1.50 cents per share (pre 1:10 share consolidation).

VOTING RIGHTS

Ordinary Fully Paid Shares have one vote per share.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders indicates that only one shareholder held 5% or more of the Company's issued capital:

Shareholder	Total Shares Held	% Issued Capital
Queste Communications Ltd	4,149,112	48.817

STOCK EXCHANGE INFORMATION
as at 3 September 2003

TOP TWENTY ORDINARY FULLY PAID SHAREHOLDERS

RANK	SHAREHOLDER	TOTAL SHARES	% ISSUED CAPITAL
1	QUESTE COMMUNICATIONS LIMITED	4,149,112	48.817
2	MR ABE ZELWER<ZELWER SUPER FUND A/C>	360,957	4.246
3	BLACKMORT NOMINEES PTY LTD	303,201	3.567
4	SANDSTONE SECURITIES PTY LTD	279,399	3.287
5	ACN 064 309 842 PTY LTD	98,000	1.153
6	JIT INVESTMENTS PTY LTD	94,691	1.114
7	CRAIGHTON PTY LTD	50,435	0.593
8	MR JAU-TSAI WU & MRS DIJAH SUTONO	49,067	0.577
9	JANTIC LTD	46,500	0.547
10	BONOS PTY LTD	42,800	0.503
11	MR JOHN GORDON KELLAS	40,000	0.470
12	MR KING KONG CHAI	38,082	0.448
13	MR RAYMOND THOMAS PAGE & MRS SHARON LORRAINE PAGE	35,500	0.417
14	ARREDO PTY LTD	35,000	0.411
15	MR LEO RADOM & MRS FAYE RADOM	31,428	0.369
16	VDA HOLDING PTY LTD	31,632	0.368
17	MR TREVOR NEIL HAY	31,040	0.365
18	MRS ELSA ROBERTO	30,000	0.352
19	WESTERN PARK HOLDINGS PTY LTD	30,000	0.352
20	MIDDLETON NOMINEES (SA) PTY LTD	30,000	0.352
TOTAL		**5,806,844**	**68.308%**