

Monday, 13 October 2003

JOINT MARKET ANNOUNCEMENT

Update On Anaconda Settlement Deed Payment

Queste Communications Ltd ("**Queste**") and its 48.817% controlled entity Central Exchange Ltd ("**Central Exchange**") are pleased to provide this weekly update on the status of the possible payment by Anaconda Nickel Ltd ("**Anaconda**") to Central Exchange of the sum of \$19,009,823 (as indexed by United States Consumer Price Index ("**US CPI**") – pursuant to a settlement deed (the "**Settlement Deed**") between Anaconda and Central Exchange.

Settlement Calculations	Deed	Payment	Current (to 10 Oct 2003)	Last Announcement (to 3 Oct 2003)	Change since Last Announcement
(1) Current LME nickel price – 10 October 2003			US\$4.9354/lb	US\$4.786/lb	\$0.1497 higher
			\$10,880/tonne	\$10,550/tonne	\$330 higher
(2) Current US CPI indexed LME nickel Trigger Price			US\$4.0944/lb	US\$4.0944/lb	Same
(3) 12 month average LME nickel price to 10 October 2003			US\$3.8252/lb	US\$3.7873/lb	\$0.0379 higher
(4) Shortfall/Gap between LME nickel Trigger Price and 12 month Average LME nickel price			US\$0.2692/lb	US\$0.3072/lb	\$0.0380 less
(5) Current 5 day average LME nickel price – 6 to 10 October 2003			US\$4.8818/lb	US\$4.687/lb	\$0.1948 higher
(6) Estimated date when Trigger Price is attained (i.e. the date when the 12 month Average LME nickel price would exceed the Trigger Price) if (5) is sustained and US CPI remains at 184.6			9 December 2003	18 December 2003	9 days earlier

Please also refer to Annexure A for a chart showing a comparison between (2) and (3) above and the forecast (4) if (5) is sustained and US CPI remains at 184.6.

The above table and chart in Annexure A are based upon calculations made by Central Exchange and Queste consistent with the terms of the Settlement Deed. The projected date when the Trigger Date is attained in (6) assumes that the LME nickel price in the 5 days prior to the date of this announcement is sustained and the latest published August 2003 US CPI remains unchanged.

The \$19m Settlement Deed amount will become due and payable to Central Exchange if at a relevant "Review Date" the 12 month average LME nickel price exceeds the US CPI indexed LME nickel Trigger Price. Under the terms of the Settlement Deed, Anaconda is required to provide an audited "Review Date Notice" within 14 business days of a "Review Date" and if the Trigger Price on such date is

attained, to effect payment within a further 14 business days after service of such notice (if neither party disputes any matter in such notice).

On 8 October 2002, Anaconda formally advised Central Exchange in writing that it considered a Review Date fell on 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. Central Exchange has asked Anaconda to reconcile this inconsistent pronouncement of Review Dates.

On 9 October 2003, Anaconda advised Central Exchange that:

- (i) it considered that the Review Date was 29 September 2002 as was made clear in affidavit materials filed by Anaconda in relation to Central Exchange's Supreme Court actions against Anaconda seeking information and documents in relation to Anaconda's compliance with their obligations under the Settlement Deed;
- (ii) this is the basis upon which Anaconda and Anaconda's auditors have prepared the Review Date Notices to Central Exchange since the first Review Date Notice on 8 October 2002;
- (iii) As at the most recent Review Date of 28 September 2003, the 12 month average LME nickel price of US\$3.7606/lb was below the indexed Trigger Price of US\$4.0944/lb and accordingly, payment of the Settlement Deed amount was not triggered.

On 10 October 2003, in its September 2003 Quarterly Report Results Summary, Anaconda confirmed that the Trigger Price was not attained as at the 28 September 2003 Review Date but that *"If the nickel price remains at or over US\$10,500 per tonne (US\$4.76/lb) and the US CPI remains relatively stable, the requirement to pay Central Exchange may be triggered."*

Therefore, according to Anaconda's view, the \$19m Settlement Deed amount would be payable to Central Exchange at the Review Date of the 28th of a relevant month if the average LME nickel price in the 12 months prior to the 28th of such month exceeded the Trigger Price on such date. Anaconda is required to confirm this in a Review Date Notice within 14 business days after the relevant Review Date and effect payment of the \$19m amount within a further 14 business days after service of such notice.

For further information, please contact William Johnson or Victor Ho on telephone (08) 9214 9797.

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

