



# Announcement

**Date:** 25 June 2004  
**To:** Scott Evans, General Manager, NSX  
**From:** Peter Reilly  
**Reference:** NSX007-250604  
**SUBJECT:** Non-renounceable Rights Issue

The Board of Directors announce that the prospectus relating to the non-renounceable rights issue to eligible shareholders, of up to approximately 1,180,381 new shares and options on the basis of 1 share for every 10 shares held as at 5.00pm (EST) on 5 July 2004 at an issue price of fifty-five cents (\$0.55) per share with a free attaching option exercisable at thirty-five cents (\$0.35) on or before 30 June 2006 to raise approximately \$649,209.55 (before expenses) has been lodged with ASIC today. A copy of the prospectus is attached.

## **About Concentrated Capital Limited**

The Company undertakes Oil and Gas Exploration activities, predominantly in the United States of America in partnership with long-term industry specialists.

The Company also has an investment in a group of oil and gas services businesses in Iran.

The Company's investment strategy is to invest its funds in a risk averse manner acquiring up to a 25% interest in the projects in which it invests.

Further details:

Peter Reilly  
Company Secretary  
Concentrated capital Limited  
Phone: (03) 9882 1313  
Facsimile: (03) 9813 0274  
Email: preilly@concentratedcapital.com.au

A handwritten signature in black ink, appearing to read 'Peter Reilly', is written over a horizontal line.

Peter Reilly  
Company Secretary

# **CONCENTRATED CAPITAL LIMITED**

(ABN 34 087 730 667)

## **PROSPECTUS**

**Non-renounceable rights issue to Eligible Shareholders of up to approximately 1,180,381 New Shares and Options on the basis of 1 New Share for every 10 Shares held as at 5.00pm (EST) on 5 July 2004 at an issue price of fifty-five cents (\$0.55) per New Share with a free attaching Option exercisable at thirty-five cents (\$0.35) on or before 30 June 2006 to raise approximately \$649,209.55 (before expenses).**

**CLOSING DATE: 5.00pm (EST) on 9 August 2004**

**This Rights Issue is not underwritten.**

This document is important and requires your prompt attention. Carefully read this Prospectus in full and consult your stockbroker, solicitor, accountant or other financial adviser if you are in any doubt as to how to deal with it. Any investment in Concentrated Capital Limited should be considered a speculative investment.

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## **Summary of Key Dates<sup>1</sup>**

Lodgment of this Prospectus with ASIC and NSX	25 June 2004
Shares quoted on an "ex" basis	28 June 2004
Record Date for determining Entitlements to New Shares	5 July 2004
Despatch of Prospectus with Application Forms	9 July 2004
Closing Date (5.00 pm EST) for acceptances and payment	9 August 2004
Shares quoted on a deferred settlement basis	10 August 2004
Company advises NSX of under subscriptions and/or placement of Shortfall	10 August 2004
Anticipated date for despatch of holding statements for New Shares / deferred settlement trading ends	31 August 2004
Anticipated date for commencement of trading of New Shares	1 September 2004

Note 1: Shareholders are advised that these dates and the dates referred to throughout this Prospectus (except the date of this Prospectus) are indicative only and are subject to change without further notice at the discretion of the Directors (in accordance with the Listing Rules).

## **Important Notice**

This Prospectus is dated 25 June 2004. A copy of this Prospectus was lodged with ASIC on 25 June 2004. ASIC takes no responsibility for the contents of this Prospectus. No New Shares or Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

The Rights Issue is only available to Eligible Shareholders being persons registered as shareholders in the Company on the Record Date. The Record Date is 5 July 2004.

Application will be made within 7 days from the date of this Prospectus for quotation of the New Shares on NSX. The Options will not be listed.

The fact that NSX may list the New Shares is not to be taken in any way as an indication of the merits of the Company or the listed securities.

NSX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

Applications for New Shares can only be made by Eligible Shareholders on an original Application Form, which accompanies or forms part of this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Rights Issue. The Shortfall Application Form accompanying this Prospectus can be used to apply for additional New Shares, where any allotment is subject to the absolute discretion of the Directors.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or its Directors in connection with the Offer.

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand and the United Kingdom may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares or Options in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

Definitions and abbreviations used in this Prospectus are explained in Section 6.

The New Shares and Options offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Before deciding whether or not to accept the Offer described in this Prospectus, Eligible Shareholders should read the entire Prospectus. In particular, they should consider the risk factors in light of their personal circumstances (including financial and taxation issues) and seek professional investment advice before deciding whether or not to accept the Offer.

## **Privacy Disclosure**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing Entitlement and Acceptance Forms and/or Shortfall Application Forms, and, if the Applicant is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to NSX and regulatory authorities.

The Corporations Act requires the Company to include information about the security holder (including name, address and details of the securities held) in its Register. The information contained in the Company's Register must remain there even if that person ceases to be a security holder of the Company. Information contained in the Company's Register is also used to facilitate the payment of dividends and other distributions and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and for compliance by the Company with its legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## Letter from the Executive Chairman

25 June 2004

Dear Shareholder,

The Board of Concentrated Capital Limited (**Company**) is raising funds through a non-renounceable Rights Issue to Eligible Shareholders.

The purpose of the Rights Issue is to raise working capital and to position the Company to take advantage of opportunities that may arise from existing investments and from prospective investments that may emerge. Whilst there was a necessity for the Company to raise funds expeditiously through a recent placement to sophisticated investors, the Rights Issue now offers the opportunity for all Shareholders to benefit from the Company's strategic direction and potential growth on similar terms and conditions as the placement.

The Company has just completed a capital raising by way of a placement to sophisticated investors. Details of the placement are set out in Section 3.3. This placement closed on 31 May 2004 raising \$667,549.85 (before expenses) by the issue of 1,213,727 Shares at an issue price of \$0.55 per Share and accompanying options and has allowed the Company to invest in the Iranian Project.

The Company proposes to utilise up to \$600,000 of funds previously raised to invest in Middle East Petroleum Services Limited (**MESL**) which is anticipated will list on the Alternative Investment Market (**AIM**) in the United Kingdom in late 2004. The investment will be made by way of Convertible Notes.

MESL has been established in the United Kingdom as a holding company for the Tabassi Group of oil and gas service companies in Iran. The Convertible Note to raise a minimum of AUD\$1.5M and a maximum of AUD\$2.5M will be used to prepare the company for listing on AIM in London. The target for listing is late 2004. There will be a coupon of 10% per annum payable on the note until listing or 30 June 2006 whichever is the earlier. Until 31 March 2005 interest is capitalised. If MESL does not list before 31 March 2005, all subsequent interest will be payable quarterly in cash and the note will be repayable on 30 June, 2006.

The note will be convertible on listing at 70% of issue price or on the basis that the note holders will receive 3% of the issued capital post-listing on the assumption that AUD\$1.5M is raised with the percentage in the listing increasing by 0.1% for each \$100,000 of additional funds raised up to a maximum of 4% (representing AUD\$2.5M raised) whichever produces the most shares.

The note will be secured by at least a fixed and floating charge against the assets of MESL which will primarily consist of monies loaned to companies in the Tabassi Group and the shareholding of MESL in the various companies of the Tabassi Group. MESL will be the holder of all the A Class Shares of these companies which comprise 49% of their share capital. The A Class Shares will have an entitlement to 75% of all distributed profits.

Mr Chris Rowe, who is a Director of the Company, will also be a director of MESL.

The Iranian Project is an aggregation of a number of businesses controlled by Dr Ahmad Tabassi, an Australian Citizen born in Iran, and his brother who is a resident of Iran

together with their various shareholders. The businesses have been developed to meet a vertically integrated approach to the delivery of oil and gas services and supplies to the National Iranian Oil Company (which is owned by the Iranian Government) and various international contractors.

An outline of the activities of the businesses comprising the Iranian Project is as follows:

**a) Keyhan Exploration and Production Services (KEPS)**

KEPS was established in late, 1999 to provide the following services.

Technical Services:

- Project Management Services (drilling, geology, geophysics and HS&E)
- Geosciences, Petroleum Engineering, Reservoir Management, Geology & Geophysics
- Industry specific IT services
- Health Safety & Environment (**HS&E**)
- Training and technology transfer

Additional Non-Technical Services:

- Increase "Local Content"
- Inter-cultural liaison
- Visa/work permit/social security requirements, etc.
- Language/translation

Major clients of KEPS include the National Iranian Oil Company, Norske Hydro, Edison Gas and Inpex on behalf of a consortium of Japanese companies who have recently been awarded a contract to develop the largest onshore oil field in Iran. KEPS which is managed by New Zealander, Arnold Picard, currently turns over approximately US\$1.5M per annum. It has recently been invited to tender for a number of additional contracts. In addition, it has recently finalised an agreement with Australian Core Services (**ACS**), a company which operates core and fluid analytical laboratories in the oil and gas industry and which operates in Australia, Egypt and Canada, amongst other countries. Under the terms of this agreement KEPS and ACS will establish an analytical laboratory at Kish Island in the Gulf to service the industry not only in Iran but elsewhere in the region.

**b) Terras Persia Seismic Company (TPS)**

This company was established in mid 2002 to carry out seismic acquisition on behalf of oil and gas explorers in Iran. There are currently only 2 other seismic acquisition companies operating in Iran operating 3 crews between them. TPS is the only one equipped to carry out high altitude recording. The company recently achieved what is believed to be an altitude record in Iran, completing a programme



at a height of 10,200 feet (3,124 metres). On 27 August, 2002, TPS was awarded a US\$32M contract to acquire seismic data on behalf of the National Iranian Oil Company over a 2 year period. This contract is approximately 15% completed. TPS is currently tendering for additional contracts and intends to use funds raised on the AIM listing to increase its presence to either three 2D crews or one 3D and one 2D crew.

**c) Baren International Drilling Company (BIDCO)**

This company was recently established with the Tabassi Group sharing ownership with (SAFF), a major Iranian heavy engineering company which provides services to the oil and gas industry.

BIDCO has recently been invited to prequalify for a major drilling contract for Inpex. This would commence initially with one rig but would ultimately require 4 rigs to drill a total of 37 wells, some multi-lateral and the remaining horizontal.

BIDCO has a memorandum of understanding with the Australian company Oil Drilling & Exploration Limited (ODE) which is, in turn, owned by the major Canadian drilling company Ensign Drilling. Negotiations are progressing which BIDCO anticipates will lead to a bid for this contract.

**d) Al Mashriq Oil and Gas Supplies (AMOGS)**

AMOGS has been established to provide procurement of material, equipment and machinery for upstream and downstream projects of the petroleum and petrochemical industries including:

- Procurement of Iranian and International Supplies
- Increase local content
- Provision of storage and warehousing
- Custom clearance processing
- Inventory management
- Short, medium and long term Industry supply and demand projection
- EPC facilitation.

With the expected increase in oil production and in particular with the development of the South Pars Gas field in the Gulf, there is expected to be a significant increase in requirements for engineering services and in particular procurement of materials.

AMOGS is in the process of establishing a presence at Kish Island, an Iranian Government-approved Trade Free Zone to provide services in this area. AMOGS intends to establish a number of strategic alliances with engineering and other groups involved in both upstream and downstream development.

**e) Kish Petroleum Company (KPC)**

This company has been established to take advantage of any opportunity that may arise to tender for oil and gas exploration and development permits in Iran. KEPS has, on behalf of KPC, entered into a joint venture with an international oil exploration and production company to review, select and bid for exploration and development areas in Iran. MESL will fund KPC until permit grant. KPC will seek separate funding for any exploration development.

**f) Enochs Point Pty Ltd (EPPL)**

EPPL holds an interest in 5 gold tenements in the State of Victoria Australia. One of the permits has already been farmed out and EPPL is actively seeking to dispose of or farm out its interest in the other permits.

The Company is also raising capital in this Rights Issue in order to meet costs associated with the drilling of a second well within the West Pine Ridge project. At present, the initial well is being tested to assess its commercial value and there is a likelihood that a second well will be drilled to further commercialise the 3,200 acres that have been aggregated in this area.

Together with the Avalon Partnership, a Partnership domiciled in the United States and in which the Company owns a 3.3% interest, the Company is reviewing other oil and gas opportunities in the United States and elsewhere with the objective to participate in opportunities identified by the Avalon Partnership either directly or through its interest in the Avalon Partnership.

The Board is confident that its strategy of diversification of its specific oil and gas interests utilising its relationships with the Avalon Partnership and the expertise of Board members will provide the opportunity for significant returns to Shareholders.

The Rights Issue will raise approximately \$649,000 before expenses if fully subscribed, to provide working capital for the Company to undertake further opportunities in oil and gas exploration and development.

On behalf of the Board, I thank you for your continuing support and interest in the Company.

Yours faithfully,



Hamish M Giles  
Executive Chairman

## 1. Details of the Rights Issue

### 1.1 Important Note

Section 1 is a summary only and is not intended to provide full information to Eligible Shareholders intending to apply for New Shares and Options offered under this Prospectus. This Prospectus should be read in its entirety.

### 1.2 The Rights Issue

The Company is making a non-renounceable pro-rata offer of New Shares on the basis of one (1) New Share for every ten (10) Shares held at 5.00 pm (EST) on 5 July 2004 (**Record Date**) at an issue price of fifty-five cents (\$0.55) per New Share with a free attaching Option for each New Share subscribed for, exercisable at thirty-five cents (\$0.35) on or before 30 June 2006, payable in full on application.

The maximum number of New Shares and Options to be issued pursuant to this Prospectus is approximately 1,180,381 depending on rounding-up of individual holdings. The maximum gross proceeds of the Rights Issue will be approximately \$649,209.55 (before expenses).

Please refer to Sections 5.1 and 5.2 for a summary of the rights and liabilities attaching to New Shares and Options.

### 1.3 Opening and Closing Date

The Company will accept Entitlement and Acceptance Forms from 9 July 2004 until 5.00 pm (EST) on 9 August 2004 (**Closing Date**) or such other date as the Directors shall determine without prior notice, subject to compliance with the NSX Listing Rules and provided that the Company gives NSX notice of such a change at least 6 Business Days prior to the Closing Date.

### 1.4 Minimum Subscription and Use of Funds

There is no minimum amount to be raised by this Prospectus.

The maximum amount that can be raised pursuant to this Prospectus is \$649,209.55 (before expenses).

The funds will be used to supplement the Company's working capital resources, assist in the funding of a 2<sup>nd</sup> well at West Pine Ridge and position the Company to take advantage of opportunities that may arise from existing investments and from prospective investments that may emerge.

Based on the information now known and current circumstances, and assuming the Rights Issue is fully subscribed, the proceeds of the Rights Issue will be applied as follows:

(If fully subscribed)	\$
Working capital	514,210
West Pine Ridge 2 <sup>nd</sup> well	100,000
Estimated expenses of the Rights Issue (Note1)	35,000
<b>Total</b>	<b>649,210</b>

Any amounts raised will initially be applied towards expenses of the Rights Issue and the West Pine Ridge 2<sup>nd</sup> well and the balance will be applied to take advantage of any investment opportunities that may arise.

Should the Rights Issue be undersubscribed to any level, this will not impact on the current operations of the Company. The Company has sufficient cash resources after the completion of the placement referred to in Section 3.3 to meet all current obligations. If insufficient funds are raised, the Company may not be able to participate in the 2<sup>nd</sup> West Pine Ridge well.

Note 1: The Company may pay holders of a Securities Licence (as determined by the Board) a fee of up to 5% of the gross proceeds of any New Shares comprising the Shortfall that they place. The estimated expenses do not include any fee that may be paid to holders of a Securities Licence and accordingly the estimated expenses may increase to the extent of any such payment. The total fee cannot be calculated at the date of this Prospectus, as it is dependent on the number of New Shares subscribed for and/or the Shortfall placed by holders of a Securities Licence. For further details, please see Section 5.8.

#### 1.5 **Your Entitlement to Participate in the Rights Issue**

The Record Date for the purpose of the Rights Issue is 5.00 pm (EST) on 5 July 2004. Persons who, on the Record Date, are registered as the holders of Shares, will be entitled to participate in the Rights Issue.

The number of New Shares and Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional Entitlements for New Shares and Options will be rounded up to the nearest whole New Share and Option.

If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus subscription funds will be deemed to be a subscription to apply for New Shares and Options which may comprise any Shortfall.

For further details, please see Section 2.

#### 1.6 **Shortfall**

As part of the Rights Issue, the Directors reserve the right to offer the New Shares and Options comprising any Shortfall at their absolute discretion and in accordance with the Listing Rules within 3 months of the Closing Date to Applicants that have lodged a Shortfall Application Form. The issue price of any New Shares issued as part of the Shortfall will be fifty-five cents (\$0.55) per New Share. A Shortfall Application Form may be lodged at any time. Issues of New Shares and Options comprising any Shortfall will be made on the basis of this Prospectus.

No Director, Officer or any of their respective Associates will participate in any Shortfall.

The Company may pay holders of a Securities Licence (as determined by the Board) a fee of up to 5% of the gross proceeds of any New Shares comprising the Shortfall that they place.

For further details, please see Section 2.5.

### **1.7 Application Forms**

A completed and lodged Entitlement and Acceptance Form creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed to be a binding application for New Shares and Options.

If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe or complete the Entitlement and Acceptance Form is final.

A completed and lodged Shortfall Application Form creates an offer that the Company may accept to subscribe for the number of New Shares specified in it. Acceptance of the offer by the Company creates a legally binding contract between the Applicant and the Company. The Shortfall Application Form does not need to be signed to create an offer that can be accepted by the Company.

For further details, please see Section 2.

### **1.8 No Rights trading**

The Rights to the New Shares under the Rights Issue are non-renounceable. Accordingly, there will be no trading of Rights on NSX and you may not dispose of your Rights to any other party. Entitlements to New Shares not accepted will form part of the Shortfall which will be dealt with in accordance with Section 2.5.

### **1.9 Ranking and distributions**

The New Shares will be fully paid, and upon issue will rank equally with existing Shares. The Company's dividend policy is set out in Section 5.1(c).

A summary of the rights and liabilities attaching to the New Shares and Options is set out in Sections 5.1 and 5.2.

### **1.10 Trading History of Shares**

There has not been a trade in the Company's Shares on NSX since October 2003.

The last sale price for Shares on NSX was sixty-cents (\$0.60) on 14 October 2003.

The issue of New Shares may affect the market price of Shares.

### **1.11 NSX Quotation**

The Company will apply for quotation of the New Shares on the official list of NSX within 7 days of the date of this Prospectus. The Options will NOT be listed.

The fact that NSX may grant official quotation of New Shares is not to be taken in any way as an indication of the merits of the Rights Issue or the New Shares or Options offered by this Prospectus.

If approval is not granted by NSX within 3 months after the date of this Prospectus, the Company will not allot or issue any New Shares or Options and

will repay as soon as practicable, without interest, all application monies received pursuant to this Prospectus.

#### **1.12 Foreign Shareholders**

No offer of New Shares or Options will be made under this Prospectus to Shareholders resident outside Australia, New Zealand or the United Kingdom.

The Company has decided that it is unreasonable to extend the offer of New Shares and Options to Shareholders having registered addresses outside of Australia, New Zealand and the United Kingdom, having regard to the small number of such Shareholders, the number and value of New Shares and Options they would be offered and the costs of ensuring compliance with the legal and regulatory requirements in the places where such Shareholders are located. Accordingly, this Prospectus has not been and will not be registered under the securities laws of those jurisdictions. For that reason, no Application Forms will be sent, and no offer will be made, to Shareholders with registered addresses in those jurisdictions. This Prospectus will be sent to Shareholders in those jurisdictions for information purposes only.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

#### **1.13 Rights Issue not Underwritten**

The Rights Issue is not underwritten.

#### **1.14 Allotment and Issue of New Shares and Options**

The Company expects to allot and issue the New Shares and Options as soon as practicable after the Closing Date (other than the New Shares and Options comprising the Shortfall). No allotment of New Shares and Options will be made until the proceeds of the Rights Issue have been received and permission is granted for quotation of the New Shares on NSX.

Holding statements in relation to the New Shares and Options will be despatched within 15 Business Days after the Closing Date.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell their New Shares before they receive their holding statements do so at their own risk. The Options issued will NOT be listed on NSX

#### **1.15 Application monies held on Trust**

Application monies for the New Shares will be held on trust for Applicants in a subscription account until New Shares are allotted and issued. All application monies will be returned (without interest) if the New Shares are not allotted and issued.

#### **1.16 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS.

Under CHESS, Shareholders will not receive a certificate but will receive a holding statement of New Shares and Options.

The CHESS holding statement will set out the number of New Shares and Options issued under this Prospectus, and provide details of your holder identification number and the participant identification number of the sponsor.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services Pty Limited and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

CHESS holding statements or Issuer Sponsored holding statements will be routinely sent out to Shareholders at the end of any calendar month during which the balances of their holdings change. Shareholders may request a statement at any other time, however, a charge may be payable for additional statements.

#### **1.17 Risk Factors**

An investment in New Shares pursuant to this Prospectus and Shares issued on exercise of the Options should be regarded as speculative. In addition to the general risks applicable to all investments in securities of a listed company, there are specific risks associated with an investment in the Company which are set out in Section 4.

#### **1.18 Taxation**

The Directors do not consider that it is appropriate to give investors advice regarding the taxation consequences of subscribing for New Shares and Options under this Prospectus.

The Company, its advisers and officers do not accept any responsibility or liability for any such taxation consequences to Eligible Shareholders. As a result, Eligible Shareholders should consult their professional tax adviser in connection with subscribing for New Shares and Options under this Prospectus.

#### **1.19 Withdrawal of Prospectus**

The Directors may at any time decide to withdraw this Prospectus, in which case the Company will repay, as soon as practicable and without interest, all application monies received pursuant to this Prospectus.

#### **1.20 Enquiries**

##### **Entitlement**

Enquiries concerning your Entitlement should be directed to Salmon Giles Pty Limited by telephone on (03) 9820 2322 or by facsimile on (03) 9820 2158.

##### **Prospectus**

Enquiries in relation to the Prospectus should be directed to the Company on telephone (03) 9882 1313 or by facsimile on (03) 9813 0274.

The Prospectus may be viewed, for information purposes only, online at the Company's website address at [www.concentratedcapital.com.au](http://www.concentratedcapital.com.au). The

Corporations Act prohibits any person passing on to another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

## **2. Action Required by Eligible Shareholders**

### **2.1 Your Alternatives**

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You may take up:

- **all** of your Entitlement;
- **part** of your Entitlement and allow the balance to lapse; or
- **none** of your Entitlement.

### **2.2 If you wish to take up ALL of your Entitlement**

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the Form. Forward your completed Form together with your cheque or bank cheque made out to "*Concentrated Capital Limited Share Issue Account*" and crossed "*Not Negotiable*" for the amount shown on the Form to reach the Company at the address shown below by no later than 5.00 pm (EST) on the Closing Date.

Salmon Giles Pty Limited  
Level 2, 409 St Kilda Road  
MELBOURNE VIC 3004

The Closing Date for Eligible Shareholders is currently 9 August 2004, but the Directors reserve the right to extend this date, subject to compliance with the NSX Listing Rules.

If you have subscribed for all of your Entitlement, you may also elect to participate in a Shortfall (if a Shortfall exists following the Rights Issue and subject to the Directors' absolute discretion to allot Applicants any further New Shares comprising the Shortfall) by completing and lodging the Shortfall Application Form with the Company's share registry. For further details regarding participating in a Shortfall, please see Section 2.5.

### **2.3 If you wish to take up PART of your Entitlement and allow the balance to lapse**

Complete the section of the accompanying Entitlement and Acceptance Form in respect of the number of New Shares you wish to take up in accordance with the instructions set out on the Form (being less than your Entitlement as specified on the Entitlement and Acceptance Form). Forward your completed Form together with your cheque or bank cheque made out to "*Concentrated Capital Limited Share Issue Account*" and crossed "*Not Negotiable*" for the amount payable to reach the Company's share registry (at the addresses shown above at Section 2.2) by no later than 5.00 pm (EST) on the Closing Date.

The Rights are non-renounceable, which means that Eligible Shareholders who do not wish to take up some or all of the New Shares will forfeit their Rights.



Entitlements to New Shares not accepted will form part of the Shortfall which will be dealt with in accordance with Section 2.5.

#### 2.4 **If you do not wish to take up any of your Entitlement**

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. The number of Shares you hold as at the Record Date and the rights attached to those Shares will not be affected if you choose not to accept any of your Entitlement.

Entitlement to New Shares not accepted will form part of the Shortfall which will be dealt with in accordance with Section 2.5.

#### 2.5 **Participation in Shortfall**

The Rights Issue is not underwritten. The Directors reserve the right to offer the New Shares comprising any Shortfall at their absolute discretion within 3 months of the Closing Date to Applicants that have lodged a Shortfall Application Form.

Applicants wishing to apply for additional New Shares (in the event of a Shortfall) are required to complete the Shortfall Application Form accompanying this Prospectus in accordance with the instructions on the Shortfall Application Form.

The issue of any New Shares comprised in the Shortfall will be made at the absolute discretion of the Directors and in accordance with the Listing Rules. Applicants are not guaranteed the number of Shortfall Shares they may apply for and may be allotted a lesser number (or none) whereupon a refund will be provided (without interest) to unsuccessful Applicants. Each Shortfall Share will be issued together with a free attached Option.

#### 2.6 **Payment**

Application Forms must be accompanied by payment in **full** at the price of fifty-five cents (\$0.55) per New Share. Payments will only be accepted in Australian dollars and as follows:

- bank cheque drawn on and payable at any Australian bank; or
- personal cheque drawn on and payable at any Australian bank.

Cheques or bank cheques should be made payable to “**Concentrated Capital Limited Share Issue Account**” and crossed “**Not Negotiable**”. Cash will not be accepted and receipts will not be issued.

The Application Forms are required to be completed in accordance with the instructions on the reverse of the Application Forms.

### 3. **Effect of the Rights Issue on the Company**

#### 3.1 **Capital Structure**

Assuming no options are exercised prior to the Record Date and the Rights Issue is fully subscribed, the effect of the Rights Issue on the Company's issued capital will be as follows:

<b>Issued Share Capital</b>	<b>Number</b>
Shares on issue as at the date of this Prospectus	11,803,810
Maximum approximate number of New Shares that will be issued pursuant to this Prospectus	1,180,381
<b>Maximum approximate number of Shares on issue after the Rights Issue</b>	<b>12,984,191</b>

See Section 5.1 for details of the rights attaching to New Shares.

The Company has 2,938,727 options on issue. To be able to participate in the Offer these options must be exercised before the Record Date.

<b>Issued options</b>	<b>Number</b>
Exercisable at \$0.10 with no performance hurdles on or before 18 April 2007	575,000
Exercisable at \$0.20 subject to ASX listing on or before 18 April 2007	575,000
Exercisable at \$0.20 subject to commercial production on or before 18 April 2007	575,000
Exercisable at \$0.35 on or before 30 June 2006	1,213,727
Maximum number of Options that will be issued pursuant to this Prospectus (if fully subscribed)	1,180,381
<b>Maximum number of options on issue after the Rights Issue</b>	<b>4,119,108</b>

See Section 5.2 for details of the rights attached to Options.

### 3.2 **Pro Forma Consolidated Statement of Financial Position**

Set out below is the unaudited proforma consolidated statement of financial position of the Company after taking into account the Rights Issue.

It is based on the consolidated statement of financial position of the Company as at 31 December 2003, which has been extracted from the independently reviewed half year financial report for 31 December 2003 lodged with ASIC and NSX on 15 March 2004. The unaudited proforma consolidated statement of financial position illustrates the effect of the Rights Issue as if the issue of all of the New Shares under this Prospectus had occurred on 31 December 2003.

	30 June 2003 Actual \$,000	Independently Reviewed 31 December 2003 Actual \$,000	Unaudited <sup>1</sup> Pro Forma 31 December 2003 \$,000
<b>Statement of Financial Position</b>			
Cash assets	300	237	1,519
Receivables	39	16	16
Other	-	-	-
Total Current Assets	339	253	1,535
<b>Non Current Assets</b>			
Other Financial Assets	152	155	155
Property, plant and equipment	-	-	-
Deferred Exploration, Evaluation and Development Costs	306	326	326
Total Non Current Assets	458	481	481
Total Assets	797	734	2,016
<b>Current Liabilities</b>			
Payables	44	16	16
Provisions	-	-	-
Interest Bearing Liabilities	-	-	-
Other - unearned revenue	-	-	-
Total Current Liabilities	44	16	16
<b>Non Current Liabilities</b>			
Interest Bearing Liabilities	-	-	-
Provisions	-	-	-
Total Non Current Liabilities	-	-	-
Total Liabilities	44	16	16
Net Assets	753	718	2,000
<b>Shareholders Equity</b>			
Contributed Equity	943	997	2,279
Reserves	-	-	-
Retained Earnings	(190)	(279)	(279)
Total Shareholders Equity	753	718	2,000

Note 1: Based on the raising of \$667,549.85 (less expenses) in respect to the placement of sophisticated investors completed on 31 May 2004 and the Company raising the maximum subscription of \$649,209.55 (less expenses of the Rights Issue). If the Rights Issue is not fully subscribed, the adjustment to cash assets and contributed equity will be reduced accordingly.

The consolidated statement of financial position as at 30 June 2003 has been extracted from the Company's audited financial reports for the year ended 30 June 2003 lodged with NSX and ASIC.

The unaudited pro forma consolidated half year financial report at 31 December 2003 has been prepared by adjusting the statement of financial position extracted from the half year financial report at 31 December 2003 for the financial effects of this Rights Issue as follows:

- (i) the Company issues 1,180,381 New Shares at fifty-five cents (\$0.55) per New Share pursuant to this Prospectus raising approximately \$649,209.55 before expenses of the Rights Issue;
- (ii) the payment of \$35,000 representing estimated costs of the Rights Issue, if fully subscribed; and
- (iii) the Company raised \$667,549.85 (less expenses) from sophisticated investors in a placement that completed on 31 May 2004 where the Company placed 1,213,727 Shares at fifty-five cents (\$0.55) with an attaching option exercisable at thirty-five cents (\$0.35) on or before 30 June 2006.

The Company may pay the holders of a Securities Licence (as determined by the Board) a fee of up to 5% of the gross proceeds of any New Shares comprising the Shortfall that they place. The estimated expenses do not include any fee that may be paid to holders of a Securities Licence and accordingly the estimated expenses may increase to the extent of any such payment.

The financial effect of the investment in the Iranian Project is not represented in the Unaudited ProForma Statement of Financial Position for 31 December 2003.

All expenses in connection with the Rights Issue are payable by the Company.

The directors have considered the impact of the impending adoption of International Accounting Standards on the financial information presented in this Prospectus. As the historical and proforma financial information relate to the period prior to the adoption of International Accounting Standards and no financial forecasts have been disclosed, the directors do not believe there is any impact on the financial information presented in this Prospectus as a result of the impending adoption of International Accounting Standards. The directors do not anticipate that future financial reports, specifically in respect of the financial information disclosed in this Prospectus, will be materially impacted by the adoption of Australian equivalents to International Accounting Standards.

### **3.3 Placement**

The Company has undertaken a placement of 1,213,727 Shares to sophisticated investors at fifty-five cents (\$0.55) per Share with an attaching option exercisable at thirty-five cents (\$0.35) on or before 30 June 2006.

The Directors of the Company procured underwriting for the placement to the extent of \$300,000 in order to expedite the raising of capital thereby allowing the Company the opportunity to invest in the Iranian Project.

## **4. Risk Factors**

In this summary of risks "Company" means Concentrated Capital Limited or, where those risks relate to the carrying out of any operations involved in oil and gas exploration or production, any subsidiary of the Company carrying out any such

operations or activities. The business operations of each of the Company and any such entities will be subject to risks, which may impact adversely on its future performance. These risks may adversely affect the value of the relevant entity's assets and this may affect the value of the Shares in the Company.

**The primary risk that members of the Company are subject to is that the Company is raising limited funds, which are sufficient only for limited investments including a limited drilling program. In the event that those investments and drilling programs are not successful, or even if they are, the Company may have limited financial resources available to it without raising further capital. If those investments and drilling programs are unsuccessful, the Company should be regarded as having a limited future with potentially serious and adverse consequences for the investments of its investors.**

Other risks associated with investment in the Company include:

- 4.1 **share market risks.** Potential investors should recognise that the prices of shares fall as well as rise. Many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment.
- 4.2 **investment risks generally.** Risks of a general nature relating to investment in shares and securities generally and especially where the company in which the investment is made has a small market capitalisation.
- 4.3 **risks related to investment in resources.** Exploration and/or development of resources generally are subject to **high** levels of risk.
- 4.4 **sovereign risk.** The Company's oil and gas exploration activities will be primarily carried out in foreign jurisdictions particularly, the US and Iran. As a result, the Company will be subject to political, economic and other uncertainties including, but not limited to, changes in energy policies or the personnel administering them, foreign exchange restrictions, currency fluctuations, royalties and tax increases in those foreign jurisdictions. Additionally, in relation to the US and Iran, political risks exist associated with recent terrorist activities in the US and the US Government's response to them. Tensions between Iran and the occupying forces in Iraq could potentially lead to actions by the Iranian Government which may negatively impact on the Iranian Project.
- 4.5 **fiscal risks.** These involve the imposition of additional taxes, imposts and other charges by governments from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies and the interpretation and application thereof.
- 4.6 **currency exchange and other risks.** Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations of international currency exchange markets. Foreign taxes, limitation on repatriation of earnings, compliance with foreign accounting and business laws, and cultural differences carry a certain amount of risk. Apart from the Iranian Project, the majority of the Company's revenue, if any, and expenditure is expected to be derived and expended in the US. Fluctuations between the Australian dollar and the US dollar exchange rate may adversely affect the Company.

- 4.7 **macro economic and political factors.** Apart from exchange risks, there are a wide range of other macro economic and political factors beyond the control of the Company which could affect the Company's operations including the consequences of terrorist and other activities which themselves impact adversely on the global economy, demand for and supply of commodities and share market conditions and share prices generally.
- 4.8 **taxation aspects.** Applicants should seek their own professional advice on taxation matters.
- 4.9 **risks relating to commodity prices.** Commodities are subject to high levels of volatility in price and demand.
- 4.12 **risk as to profitability.** Anticipated or estimated possible production levels may not be achieved, and even if achieved, may not result in the Company being profitable. The ability of the Company to pay dividends will depend on it generating revenue and then deriving sufficient after-tax profits to be able to do so.
- 4.13 **management competency.** The future success of the Company will be primarily dependent on the competency of Avalon and other organizations chosen from time to time to be operators of the Company's various projects and on each operator's capacity to manage day to day operations. The Company's future growth will also be dependent upon engagement of management capable of managing and expanding its operations beyond the present projects.
- 4.14 **contract risks generally.** The Company's subsidiaries operate through a series of contractual relationships with operators, sub-contractors and will sell production through various marketing contracts. Additionally, various production facilities are to be contracted to be built. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed.
- 4.15 **litigation.** Litigation may adversely affect the Company. Neither the Company nor any of its subsidiaries is presently involved in litigation and the Directors are not presently aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.
- 4.16 **regulatory risks.** Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, Applicants should be aware that the Company cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to develop or operate any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.
- 4.17 **production risks.** There can be no assurance given that the Company will achieve production from any of its projects. The capacity of the Company to achieve production will depend on a wide range of factors including capital

costs and operating costs that may be applicable to the individual projects and the capacity of the Company to fund those costs. If production is achieved then unanticipated problems may increase extraction costs and reduce anticipated recovery rates.

- 4.18 **drilling risks.** Risks in relation to future drilling include break-downs and the risk of a failure to find oil or gas in commercial quantities or at all.
- 4.19 **environmental risks.** Following cessation of production from operations, the Company may be required to participate in clean-up programs resulting from any contamination from operations in which it participates, removing disused plant and equipment and, where necessary, restoring land that has been disturbed in the course of operations. The cost of that cleanup may be considerable if operations result in significant environmental liabilities being incurred. In such a case, any allowance made for rehabilitation in the cash flow projections would be inadequate.
- 4.20 **climatic risks.** The risk of adverse weather conditions that may affect production and exploration.
- 4.21 **operational risks.** These include the possibility of environmental accidents, the risk of unexpected mechanical failure or equipment breakdown resulting in loss of production and additional expense generally, unexpected interruption to or imposition of onerous conditions on access, industrial disputes and resultant increases in costs of operation.
- 4.22 **discovery risks.** Any discovery of oil or gas may not be commercially viable or recoverable.
- 4.23 **reserve risks.** Risks relating to the existence of probable or any reserves.
- 4.24 **Iranian Project risks.** The risks associated with the Company's investment in the Iranian Project include the sovereign risk of this investment being an investment in Iran, political and other factors associated with this investment in Iran, potential exchange risks and management competency of the Iranian Project.

There are also the general operational risks involved in investing in a business which has a vertically integrated operational structure, based in Iran and requiring financial management in Iran together with recognition of the current terrorist activity and the current Iraq hostilities.

Potential investors should recognise that the prices of shares fall as well as rise. Many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment. As the Iranian Project is not listed on any stock exchange, the capacity of the Company to sell shares or notes is severely compromised and may impact on the value it may achieve if forced to find a willing buyer.

**These risks are not necessarily exhaustive and Applicants should realise that any company with resource-based operations is subject to a wide range of risks many of which may not be foreseeable.**

## **5. Additional Information**

### **5.1 Rights and liabilities attaching to New Shares**

The rights and liabilities attaching to the New Shares offered under this Prospectus arise from a combination of the Constitution, statute and general law.

The Constitution may be inspected during normal business hours at the Company's registered office.

A summary of the more significant and relevant rights and restrictions attaching to the Shares is set out below. The summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's shareholders.

The New Shares, once issued, will have the same rights attaching to them as existing Shares.

#### **(a) *General Meetings***

Each Shareholder is entitled to receive notice of, attend and vote at meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, Corporations Act and NSX Listing Rules.

#### **(b) *Voting at a General Meeting***

Subject to any Shares which may in the future be issued with special or preferential rights, every shareholder present in person at a general meeting of the Company or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

#### **(c) *Dividends***

The Directors may from time to time determine dividends to be distributed to shareholders according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Dividends are payable on all Shares. This is subject to any special or preferential rights attached to any class of shares created after the allotment of the Shares. The Company does not currently intend to pay a dividend on Shares in the near future. At this stage of the Company's development, the Directors consider it prudent to reinvest earnings in the Company's business.

#### **(d) *Transfer of Shares***

Shares may be transferred by a proper transfer effected in accordance with the SCH Business Rules, by any other method of transferring or dealing in Shares introduced by NSX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or NSX that is otherwise permitted by the Corporations Act. The Directors may decline to register a transfer of Shares (other than a proper transfer in



accordance with the SCH Business Rules) where permitted to do so under the NSX Listing Rules or where the Shares are restricted securities during an escrow period, unless otherwise permitted by the NSX Listing Rules.

If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is lodged with the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of Shares when required by law, the NSX Listing Rules or SCH Business Rules.

(e) *Issue of Further Shares*

The Directors may allot, issue, grant options in respect of, or otherwise dispose of, further Shares on such terms and conditions as they see fit. However, the Directors must act in accordance with the restrictions imposed by the Constitution, NSX Listing Rules and the Corporations Act.

(f) *Winding Up*

If the Company is wound up, then subject to any special or preferential rights attaching to any class of shares, shareholders will be entitled to participate in any surplus assets of the Company in proportion to the amount of capital paid up on their shares when the winding up begins.

(g) *Share Buy Backs*

Subject to the provisions of the Corporations Act and NSX Listing Rules, the Company may buy back shares in itself on terms and at times determined by the Directors.

(h) *Variation of Class Rights*

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:

- (i) with the consent in writing of the holders of issued shares included in that class who are entitled to at least 75% of the votes that may be cast in respect of those shares; or
- (ii) with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

(i) *Dividend Reinvestment Plan and Bonus Share Plan*

The Constitution authorises the Directors to establish and maintain dividend reinvestment plans (whereby any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid ordinary Shares in the Company) and bonus share plans (whereby any member may elect to forego any dividends that may be payable on all or some of the ordinary Shares held by that member and to receive instead some other entitlement including the allotment of fully paid ordinary Shares).

(j) *Alteration of Constitution*

The Constitution can only be amended by special resolution passed by at least 75% of shareholders present and voting at a general meeting of the Company. The Company must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

5.2 **Rights attaching to Options**

The rights and liabilities attaching to the Options offered under this Prospectus arise from a combination of the terms of issue of the Options, a copy of which is attached as Annexure A, the Company's Constitution, statute and general law.

The Constitution of the Company may be inspected during normal business hours at the Company's registered office.

Options entitle the holder to subscribe for Shares on the basis of 1 Share for each Option at any time up to 5.00 pm (EST) on 30 June 2006. The exercise price of each Option is thirty-five cents (\$0.35).

Options:

- do not entitle the holder to dividends or to attend or vote at meetings of the Company; and
- do not entitle the holder to participate in new issues of Shares, options or other securities, without first exercising the Options.

Shares issued on the exercise of the Options will have the same rights and liabilities set out in Section 5.1.

5.3 **Disclosing Entity**

The Company is a "disclosing entity" for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the NSX Listing Rules and the Corporations Act concerning notification of information to NSX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

5.4 **Nature of this Prospectus**

This Prospectus has been prepared on the basis of section 713 of the Corporations Act which allows disclosing entities such as the Company to issue a "reduced content" prospectus for securities in a class of securities that have been continuously quoted on NSX at all times in the 12 months prior to the issue of the prospectus.

In addition to specific formal matters, a "reduced content" prospectus needs to contain certain information relating to the terms and conditions of the offer, the effect of the offer on the Company and the rights and liabilities attaching to the New Shares and Options.

A "reduced content" prospectus must also include information that has been excluded from a continuous disclosure notice where that information had not

been disclosed. However, such information is only required where it is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of an entity and the rights and liabilities attaching to the securities being offered by the entity. Further, such a prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the prospectus.

Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements applicable to disclosing entities mean that all this information should have previously been released to the market.

## 5.5 Inspection and copies of Documents

The Company will provide a copy of any of the following documents free of charge to any person who requires a copy during the Offer period in relation to this Prospectus:

- (a) the annual report dated 19 September 2003 for the financial year ended 30 June 2003, being the annual report most recently lodged with ASIC by the Company;
- (b) the financial statement of the Company for the half-year ended 31 December 2003 (being the last financial statement lodged with ASIC by the Company after the lodgment of that annual report and before lodgment of this Prospectus with ASIC);
- (c) the following continuous disclosure notices given by the Company to NSX after lodgment of the annual report referred to in paragraph 5.5(a) and before the date of lodgment of this Prospectus with ASIC:

Date	Headline
25 November 2003	Chairman's Address – 25 November 2003
26 November 2003	AGM Statistics
24 December 2003	Exercise of Options
12 February 2004	West Pine Ridge Spudded
25 February 2004	Additional Shares Issued
25 February 2004	West Pine Ridge Drilling Results
3 March 2004	Application for revocation of PDF
15 March 2004	Appendix 3 – Half Yearly Report
15 March 2004	Financial Report for Period Ended 31 <sup>st</sup> December 2003
22 March 2004	Pooled Development Fund Registration Board revokes PDF
6 April 2004	Proposed Capital Raising and Associated Matters
23 April 2004	New Shares issued
5 May 2004	Director's Declaration – Peter Reilly
5 May 2004	Initial Director's Interest – Peter Reilly
5 May 2004	Change in Director's Interest – Peter Reilly
5 May 2004	Initial Director's Interest – Hamish Giles

<b>Date</b>	<b>Headline</b>
5 May 2004	Change in Director's Interest – Hamish Giles
5 May 2004	Change in Director's Interest – Hamish Giles
11 May 2004	Change in Directors Interest
31 May 2004	40315 NSX Placement – Placement Offer Closes
4 June 2004	40814 NSX Company Secretary Appointment /Resignation
4 June 2004	40150 NSX Section 205G Notice Change in Director's Interests
11 June 2004	40399 NSX Issued Capital Other
15 June 2004	40399 NSX Issued Capital Other
16 June 2004	40341 NSX Non Renounceable Issue
25 June 2004	40814 Company Secretary Appointment / Resignation
25 June 2004	40410 Asset Acquisition

The documents referred to in paragraphs (a) to (c) above are not included and do not accompany this Prospectus.

## 5.6 Directors' Interests

As at the date of this Prospectus, each of the Directors has a relevant interest in Shares and options as set out below:

<b>Director</b>	<b>Relevant interest in Shares</b>	<b>Relevant interest in Options</b>
Hamish M Giles	166,042	375,000
Peter T Reilly	2,262,916	NIL
Chris Rowe	NIL	NIL
<b>Total</b>	<b>2,428,958</b>	<b>375,000</b>

As at the date of this Prospectus, there are no proposed new Directors.

Except as disclosed in this Prospectus, no Director, and no firm in which a Director is a partner has any interest nor has had any interest in the last two years prior to the date of this Prospectus:

- in the formation or promotion of the Company;
- in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- in the Rights Issue.

Hamish Giles and Peter Reilly intend to subscribe for Shares under the Rights Issue but are yet to finalise their level of participation. Together, their level of participation will be sufficient to cover the fixed expenses of \$35,210 referred to in Section 5.8. Neither Hamish Giles nor Peter Reilly will participate in the Shortfall.

Other than as set out in this Prospectus, no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any Director

either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of the Company or in connection with the Rights Issue.

#### 5.7 **Remuneration of Directors**

In accordance with the Constitution, the non-executive Directors shall be paid out of funds of the Company, by way of remuneration for their services as Directors, a sum not exceeding \$100,000 per annum of which 50% is to be provided as Shares at an issue price equivalent to the weighted average of the past 10 days trading prior to issue or such larger amount as the Company in general meeting determines by ordinary resolution.

The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase shall have been given to members in the notice convening the meeting.

#### 5.8 **Expenses**

Assuming the Rights Issue is fully subscribed, the total expenses are expected to be as follows:

	\$
ASIC lodgement fee	2,010
Prospectus printing and mailing	4,000
Legal and professional fees <sup>1</sup>	27,000
NSX fees	2,200
<b>Total</b>	<b><u>35,210</u></b>

Note 1: The Company may pay holders of a Securities Licence (as determined by the Board) a fee of up to 5% of the gross proceeds of any New Shares comprising the Shortfall that they place. The estimated expenses do not include any fee that may be paid to holders of a Securities Licence and accordingly the estimated expenses may increase to the extent of any such payment. The total fee cannot be calculated at the date of this Prospectus as it is dependent on the number of New Shares subscribed for and/or the Shortfall placed by the holders of a Securities Licence.

All fees referred to in this Prospectus are exclusive of GST.

#### 5.9 **Interests of Other Persons**

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Rights Issue or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Rights Issue.

Over the last 2 years, \$48,753 has been paid to Salmon Giles Pty Limited for Nominated Advisor and Corporate advisory services provided to the Company. Salmon Giles Pty Limited will be paid \$20,000 in fees for professional services in connection with the Rights Issue up to the date of this Prospectus.

Over the last 2 years, a total of \$36,550 has been paid to Ernst & Young for auditing the Company's accounts and providing accounting and tax services to the Company.

The Company may pay holders of a Securities Licence (as determined by the Board) a fee of up to 5% of the gross proceeds of any New Shares comprising the Shortfall that they place. This fee cannot be calculated at the date of this Prospectus as it is dependent on the number of New Shares subscribed for and / or the Shortfall placed by holders of a Securities Licence.

#### **5.10 Consents**

The following consents have been given in accordance with the Corporations Act:

Computershare Investor Services Pty Limited has given and has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registrar of the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Ernst & Young has given and has not withdrawn its written consent to being named as Auditors to the Company in the form and context in which it is named. Ernst & Young has had no involvement in the preparation of any part of this Prospectus other than as being named as Auditors. Ernst & Young has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Salmon Giles Pty Limited has given its written consent to being named as Nominated Advisor to the Company and has not withdrawn its consent prior to lodgement with ASIC. Salmon Giles Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

#### **5.11 No Prospective Financial Information**

Other than the financial information set out in Section 3.2, no prospective financial information is contained in this Prospectus as the Directors do not consider there to be reasonable grounds to include such information given the speculative nature of the Company as described in Section 4.

#### **5.12 Directors' Responsibility Statement and Consent**

Each Director of the Company has given, and has not withdrawn as at the date of this Prospectus, his consent to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act.

This Prospectus is issued by Concentrated Capital Limited. Its issue was authorised by resolution of the Directors and is signed by a Director on behalf of all Directors.



Hamish M Giles  
Executive Chairman  
25 June 2004

## 6. Definitions

The following terms and abbreviations used in this Prospectus have the following meanings:

<b>Terms</b>	<b>Meaning</b>
<b>"Applicant"</b>	means a person who submits an Application Form.
<b>"Application"</b>	means an application for New Shares and Options pursuant to this Prospectus.
<b>"Application Form"</b>	means either the Entitlement and Acceptance Form or Shortfall Application Form.
<b>"Avalon" and "Avalon Partnership"</b>	means the United States domiciled partnership, which undertakes oil and gas exploration and production and in which the Company holds a 3.3 % interest
<b>"ASIC"</b>	means the Australian Securities and Investments Commission.
<b>"ASTC"</b>	means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.
<b>"Associate"</b>	has the meaning given to that term by Division 2 of Part 1.2 of the Corporations Act.
<b>"Board"</b>	means the Board of Directors of the Company.
<b>"Business Day"</b>	means a day other than a Saturday, Sunday, New Years Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which NSX shall declare and publish is not a business day.
<b>"CHESS"</b>	means the Clearing House Electronic Subregister System operated by ASTC.
<b>"Closing Date"</b>	means 5:00pm EST on 9 August 2004 or such other date as the Directors may determine without prior notice and in accordance with the Listing Rules.
<b>"Company"</b>	means Concentrated Capital Limited (ABN 34 087 730 667).
<b>"Constitution"</b>	means the constitution of the Company as at the date of this Prospectus.
<b>"Corporations Act"</b>	means Corporations Act 2001 (Cth) as amended from time to time.
<b>"Directors"</b>	means the directors of the Company in office on the date of this Prospectus.



<b>"dollars" or "\$"</b>	means the official currency of the Commonwealth of Australia.
<b>"Eligible Shareholder"</b>	means a person who is registered as the holder of Shares on the Record Date whose registered address is in Australia, New Zealand or the United Kingdom.
<b>"Entitlement"</b>	means the entitlement of an Eligible Shareholder to participate in the Rights Issue, as shown on the Entitlement and Acceptance Form.
<b>"Entitlement and Acceptance Form" or "Form"</b>	means the entitlement and acceptance form accompanying this Prospectus.
<b>"EST"</b>	means Australian Eastern Standard Time.
<b>"GST"</b>	has the meaning given to it by the A New Tax System (Goods and Services Tax) Act 1999 or any replacement or other relevant legislation and regulations.
<b>"Iranian Project"</b>	means the aggregation of the businesses described in the Executive Chairman's letter.
<b>"Issuer Sponsored"</b>	means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker without the holder being admitted as an institutional participant in CHESS.
<b>"New Shares"</b>	means Shares to be allotted and issued pursuant to this Prospectus.
<b>"NSX"</b>	means Stock Exchange of Newcastle Limited (ABN 11 000 902 063).
<b>"NSX Listing Rules" or "Listing Rules"</b>	means the listing rules of NSX and any other rules of NSX which are applicable while the Company is admitted to the official list of NSX, each as amended or replaced from time to time, except to the extent of any express written waiver by NSX.
<b>"Offer"</b>	means the offer of New Shares and Options pursuant to this Prospectus.
<b>"Officer"</b>	means an officer of the Company as that term is defined in the Corporations Act.
<b>"Option"</b>	means an option to subscribe for a Share on the terms and conditions set out in Section 5.
<b>"Prospectus"</b>	means this Prospectus dated 25 June 2004.

<b>"Record Date"</b>	means 5.00pm EST on 5 July 2004 being the date for determination of Entitlements of Eligible Shareholders to participate in the Rights Issue.
<b>"Register"</b>	means the Company's register of members or option holders (as the case requires).
<b>"Right"</b>	means the right to subscribe for New Shares pursuant to this Prospectus.
<b>"Rights Issue"</b>	means the non-renounceable issue, pursuant to this Prospectus, of up to approximately 1,180,381 New Shares with a free attaching Option to Eligible Shareholders on the basis of 1 New Share with a free attaching Option for every 10 Shares registered on the Record Date.
<b>"SCH Business Rules"</b>	means the business rules of ASTC, now known as the ASTC Settlement Rules.
<b>"Section"</b>	means a section of this Prospectus.
<b>"Securities Licence"</b>	means an Australian financial services licence as that term is defined in the Corporations Act.
<b>"Share"</b>	means a fully paid ordinary share in the Company.
<b>"Shareholder"</b>	means a person who is registered as the holder of Shares.
<b>"Shortfall"</b>	means the New Shares and Options forming Entitlements, or part of Entitlements, not accepted by Eligible Shareholders.
<b>"Shortfall Application Form"</b>	means the shortfall application form accompanying this Prospectus.

7. **Corporate Directory**

**Directors of Concentrated Capital Limited**

Hamish M Giles – Executive Chairman  
Peter Reilly – Non-executive Director  
Chris Rowe – Non-executive Director

**Company Secretary**

Peter Reilly  
Richard Baker  
Hamish Giles

**Registered Office**

c/o Salmon Giles Pty Limited  
Level 2, 409 St Kilda  
MELBOURNE VIC 3004  
Telephone: (03) 9820 2322  
Facsimile: (03) 9820 2158

**Nominated Advisor**

Salmon Giles Pty Limited  
Level 2, 409 St Kilda  
MELBOURNE VIC 3004  
Telephone: (03) 9820 2322  
Facsimile: (03) 9820 2158

**Auditors**

Ernst & Young  
Level 23, 120 Collins Street  
MELBOURNE VIC 3000  
Telephone: (03) 9288 8000  
Facsimile: (03) 9654 6166

**Share Registry**

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnson Street  
ABBOTSFORD VIC 3037  
Telephone: 1300 137 328  
Facsimile: 1300 137 341

**NSX Code: CCT**

## Annexure A

### Conditions of Issue - Options

#### 1. Definitions and Interpretation

##### 1.1 Definitions

In these conditions the following expressions have the following meanings:

**Company** means Concentrated Capital Limited ABN 34 087 730 667.

**Corporations Act** means *Corporations Act* 2001.

**Exercise Notice** has the *meaning* given in clause 3.1(1).

**Exercise Period** means, in relation to an Option, the period between the date of issue of the Option and 5.00 pm (Melbourne Time) on the Expiry Date.

**Exercise Price** means, in relation to an Option, the amount of 35 cents payable in full on exercise of an Option.

**Expiry Date** means 30 June 2006.

**Holder** means the holder of an Option.

**NSX** means Stock Exchange of Newcastle Limited ABN 11 000 902 063.

**NSX Listing Rules** means the listing rules of NSX and any other rules of NSX which are applicable while the Company is admitted to the official list of NSX, each as amended or replaced from time to time, except to the extent of any express written waiver by NSX.

**Option** means, at any time, an option to subscribe for 1 Share issued or granted by the Company subject to these conditions.

**Register** means the register of Holders of Options referred to in clause 6.1.

**Share** means a fully-paid ordinary share in the capital of the Company.

##### 1.2 Interpretation

In these conditions unless the context otherwise requires:

- (1) **Trading Day.** If any day appointed or specified by these conditions for the payment of any money or the doing of any act or thing falls on a day that is not a trading day, the day so appointed or specified will be deemed to be the next day which is a trading day.

- (2) **Collective references.** Reference to any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.
- (3) **Defined expressions.** If an expression is defined, other parts of speech or grammatical forms of the expression have a corresponding meaning.
- (4) **Gender.** Words importing any gender include all genders.
- (5) **Headings.** Headings are for ease of reference only and do not affect the interpretation of these conditions.
- (6) **Numbers.** Words importing the singular include the plural and vice versa.
- (7) **Persons.** References to persons include bodies corporate and any other entity.
- (8) **Reconstructed bodies.** References to a body which has ceased to exist or has been reconstructed, amalgamated, reconstituted or merged, or the functions of which have become exercisable by any other person or body in its place, will be taken to refer to the person or body established or constituted in its place or the person or body by which its functions have become exercisable.
- (9) **Representatives and assigns.** References to a person include the legal personal representatives, successors and assigns of that person.
- (10) **Statutory amendments.** A reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether of the same or any other legislative authority having jurisdiction).
- (11) **Variation.** References to these conditions or an agreement or document include the conditions, agreement or document as varied, changed or replaced from time to time.
- (12) **Writing.** References to writing include any mode of representing or reproducing words in tangible and permanently visible form.
- (13) **Dollars.** References to money is to Australian currency.
- (14) **No Limitation.** References to “including” and similar expressions are not words of limitation.
- (15) **NSX Listing Rules.** Unless an alternative definition is provided for or the context requires otherwise, a term defined in the NSX Listing Rules has the same meaning when used in these conditions.

## **2. Entitlement on Exercise of Options**

- 2.1 Subject to these conditions, each Option entitles the Holder to subscribe for and be allotted one Share upon the exercise of the Option and payment to the Company of the Exercise Price.

## **3. Exercise Of Options**

### **3.1 Exercise Notice**

- (1) The Holder may at any time during the Exercise Period give a notice (**Exercise Notice**) to the Company requiring the Company to issue Shares on exercise of the Options.
- (2) An Exercise Notice must be in writing and must be delivered to the registered office of the Company (or such other place as the Company may notify Holders in writing) together with payment of the Exercise Price for each of the Options exercised.
- (3) The directors of the Company may prescribe the form of an Exercise Notice which must be given by a Holder in order to exercise an Option.
- (4) An Exercise Notice must not be given for Options over less than 1000 Shares unless the Exercise Notice relates to all Options held by a Holder.
- (5) If the Options are certificated, the certificate for the Options being exercised must accompany the Exercise Notice.

### **3.2 Issue of Shares**

- (1) On exercise of any Options, the Company must allot to the Holder the number of Shares for which the Options are exercised at the Exercise Price.
- (2) The Company must allot the Shares within 10 trading days of receipt of the Exercise Notice.
- (3) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price for the Options exercised in cash or cleared funds.

### **3.3 Certificated and Uncertificated Holding Statements**

The Company must send to the Holder a certificate (if the Options are certificated) or a holding statement or other statement (if the Options are uncertificated) in respect of the Options so held.

### **3.4 Ranking of Shares Allotted on Exercise**

Shares allotted upon exercise of Options will rank equally in all respects with all other issued Shares from the date of allotment and will be held subject to the constitution of the Company.

### **3.5 Lapse of Options**

- (1) Any Option which has not been exercised by 5.00 pm (Melbourne Time) on the Expiry Date will lapse.
- (2) An Exercise Notice is not effective if the Company receives it after the expiration of the Exercise Period.

## **4. Quotation of Shares**

If Shares in the Company are quoted on NSX at the time of exercise of the Options, the Company will make application to NSX for the number of Shares as corresponds to the number of Options exercised within 10 trading days of the allotment of those Shares.

## **5. Reconstruction or reorganisation of share capital**

### **5.1 General**

- (1) A Holder cannot participate in a new issue of securities in the Company without first exercising the Options.
- (2) Holders who exercise their Options before the applicable record date for the new issue will be entitled to participate in that new issue.
- (3) Except as expressly set out in these conditions, a Holder does not have any right to change the Exercise Price of an Option or the number of Shares over which an Option can be exercised.

### **5.2 Bonus Issues**

If there is a capitalisation issue or bonus issue to the holders of Shares in the Company then the number of Shares over which each Option is exercisable will be increased by the number of Shares which the Holder would have received under that issue if the Option had been exercised before the record date for that issue.

### **5.3 Reconstructions of Capital**

Subject to clauses 5.2 and 5.4, if there is any reconstruction of the issued ordinary capital of the Company, the entitlement to Shares attaching to each Option will be reconstructed in the same proportion as the issued ordinary capital of the Company is reconstructed, and in a manner which will not result in any additional benefits being conferred on the Holder which are not conferred on

shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for the exercise of Options will remain unchanged.

#### **5.4 Different events**

If at any time or from time to time during the period in which the Options have been granted, but not yet been exercised or lapsed:

- (1) the Company consolidates its Shares, the number of Options to which the Holder is entitled must be reduced in the same proportion as the number of Shares is reduced under that consolidation and the Exercise Price must be increased in the inverse proportion;
- (2) the Company subdivides its Shares, the number of Options to which the Holder is entitled must be increased in the same proportion as the number of Shares is increased under that subdivision and the Exercise Price must be reduced in the inverse proportion;
- (3) the Company returns any capital to the holders of Shares, the number of Options to which the Holder is entitled is to remain the same and the Exercise Price must be reduced by the same amount as the amount returned in relation to each Share;
- (4) the Company reduces its capital by a cancellation of paid up capital that is lost or not represented by available assets, the number of Options to which the Holder is entitled and the Exercise Price remain the same;
- (5) the Company cancels its Shares on a pro-rata basis, the number of Options must be reduced in the same proportion as the ordinary capital and the Exercise Price of each Option must be increased in the inverse proportion; and
- (6) the Company issues further shares other than pursuant to a bonus issue, the number of Options to which the Holder is entitled and the Exercise Price remains the same.

### **6. Maintenance of Register and Transfers of Options**

#### **6.1 Register of Holders of Options**

- (1) The Company will keep and maintain, or cause to be kept and maintained, a register of Holders of Options.
- (2) The Company must ensure that the Register is maintained in compliance with the Corporations Act and all other applicable rules and requirements.



## **6.2 Transfers of Options**

- (1) Subject to the constitution of the Company, NSX Listing Rules and, if applicable, the ASTC Settlement Rules, all Options are transferable.
- (2) Subject to clause 6.2(1), the provisions of the constitution of the Company relating to a transfer of Shares apply, with necessary alterations, to a transfer of Options.

## **7. Miscellaneous**

### **7.1 Severance**

- (1) If a provision of these conditions or its application to any person or circumstance is or becomes invalid, illegal or unenforceable then the provision must, as far as possible, be interpreted as narrowly as possible to ensure that it is not illegal, invalid or unenforceable.
- (2) If any provision or part of it cannot be so interpreted, then the provision or its part is taken to be void and severable. The remaining provisions of these conditions are not affected or impaired in any way.

### **7.2 Holders bound by Constitution**

- (1) A Holder is bound by these conditions and the constitution of the Company insofar as the constitution relates to or governs the Options.
- (2) Shares issued on exercise of the Options will be issued subject to the constitution of the Company.

### **7.3 Waiver and Variation**

- (1) Subject to the NSX Listing Rules and the constitution of the Company, the directors of the Company may by resolution:
  - (a) waive strict compliance with any of these conditions; or
  - (b) add to, vary or otherwise change any of these conditions for any reason including to ensure compliance with the NSX Listing Rules either generally in relation to all Holders or as they apply to a particular Holder.
- (2) Any waiver, addition, variation or other change under clause 7.3(1) must not be made unless:
  - (a) any Holder effected by the waiver, addition, variation or other change so consents in writing; or
  - (b) the directors of the Company reasonably consider that the waiver, addition, variation or other change is required to ensure compliance with the NSX Listing Rules or any law or requirement

binding on the Company or does not adversely affect in a material way a Holder's rights or entitlements under these conditions.

#### **7.4 Notice**

Notices may be given by the Company to the Holder in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to be given to Holders.

#### **7.5 Governing law**

- (1) These conditions are to be construed according to and is governed by the laws of Victoria, Australia.
- (2) Each of the Company and the Holder submits to the exclusive jurisdiction of the courts in and of Victoria in relation to any dispute arising under these conditions.

#### **7.6 Deeming by NSX Listing Rules**

- (1) If the NSX Listing Rules require these conditions to contain a term or provision and these conditions do not contain that term or provision, these conditions are deemed to contain that term or provision.
- (2) If the NSX Listing Rules require these conditions not to contain a term or provision and they contain such a term or provision, these conditions are deemed not to contain such term or provision.

#### **7.7 Listing**

Unless the directors of the Company determine otherwise, the Options will not be listed for quotation on NSX.