



Announcement

Date: 3/3/2003
To: Scott Evans General Manager
From: Steve Danne
Reference: M-SKD/EvaSc/0333/-101 PRIORITY: Routine
SUBJECT: **OFFER INFORMATION STATEMENT**

We advise that the Offer Information Statement submitted to ASIC for approval and reported to the NSX on February 24th has now passed the exclusion period and can be formally released to the public.

We attach a PDF version of the OIS for your records.

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'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:
Steve Danne
Company Secretary
Concentrated Capital Limited
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Email: sdanne@concentratedcapital.com.au

A handwritten signature in black ink, appearing to be 'S. Danne', is written over a horizontal line.

STEVE DANNE
COMPANY SECRETARY

Concentrated Capital Limited

ABN: 34 087 730 667

**level 2, 409 St Kilda Road
Melbourne. Vic. 3004**

THIS DOCUMENT IS IMPORTANT. IT IS AN OFFER INFORMATION STATEMENT UNDER SECTION 715 OF THE CORPORATIONS ACT 2001 AND IS NOT A PROSPECTUS. IT HAS A LOWER LEVEL OF DISCLOSURE REQUIREMENTS THAN A PROSPECTUS AND INVESTORS SHOULD OBTAIN PROFESSIONAL INVESTMENT ADVICE BEFORE ACCEPTING ANY OFFER OR INVITATION TO SUBSCRIBE FOR SHARES CONTAINED HEREIN.

CONCENTRATED CAPITAL LIMITED

**(ACN 087 730 667)
(the "Company")**

OFFER INFORMATION STATEMENT

ANY INVESTMENT IN THE COMPANY'S SHARES SHOULD BE CONSIDERED SPECULATIVE

THE ISSUE IS NOT UNDERWRITTEN

No securities will be issued or allotted on the basis of this Offer Information Statement later than 13 months after the date of this Offer Information Statement.

This Offer Information Statement is dated 20 February 2003. A copy of this Offer Information Statement was lodged with the Australian Securities and Investments Commission on 21 February 2003. The Australian Securities and Investments Commission takes no responsibility for the contents of this Offer Information Statement.

CONCENTRATED CAPITAL LIMITED

(ACN 087 730 667)

OFFER INFORMATION STATEMENT

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CORPORATE DIRECTORY

DIRECTORS

Hamish M Giles (Chairman)
Andrew M Grace
David F Gibbs
David R Rose

COMPANY SECRETARY

Stephen K Danne

REGISTERED AND PRINCIPAL OFFICE

C/- Salmon Giles Pty Ltd
Level 2
409 St Kilda Road
Melbourne Vic 3004

AUDITOR

Ernst & Young
Chartered Accountants
Level 23
120 Collins Street
Melbourne Vic 3000

INDEPENDENT GEOLOGIST

George Ulmo
(West Pine Ridge Project)

INDEPENDENT RESERVOIR ENGINEERING CONSULTANT

Schlumberger Holditch-Reservoir Technologies
Consulting Services

NOMINATED ADVISER

Salmon Giles Pty Ltd

SHARE REGISTRY

Computershare Investor Services Pty Ltd
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Melbourne Vic 3000
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No securities will be issued or allotted on the basis of this Offer Information Statement later than 13 months after the date this Offer Information Statement was issued.

Application will be made for the Listing on Newcastle Stock Exchange Limited of all securities offered for subscription pursuant to this Offer Information Statement.

This Offer Information Statement is dated 20 February 2003.

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A copy of this Offer Information Statement was lodged with the Australian Securities and Investments Commission on 21 February 2003. Australian Securities and Investments Commission takes no responsibility for the contents of this Offer Information Statement.

IMPORTANT DATES

EVENT	PROPOSED DATE
Opening Date	28 February 2003
Closing Date*	20 March 2003
Shareholder statements despatched	27 March 2003
Expected Date of quotation of Shares on Newcastle Stock Exchange	31 March 2003

The above dates are approximate only.

* Subject to the Directors absolute discretion in relation to closing the offer earlier or extending the offer.

CONCENTRATED CAPITAL LIMITED

ACN 087 730 667

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Website: www.concentratedcapital.com.au

20 February 2003

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to invest in Concentrated Capital Limited ("the Company").

Since the closing of its Prospectus on 17 October 2002, the Company has listed on the Newcastle Stock Exchange and undertaken investments in the West Pine Ridge Project and in the Avalon Oil Company Partnership.

The West Pine Ridge Project appears since your Company's investment to be **significantly** more prospective than originally thought as a result of revised geological assessment. This is outlined in detail by Dr Ralph Kehle in his comments pursuant to Section 3.1. In light of the re-assessment, the original drilling program scheduled to commence in November was suspended and Avalon is currently accumulating additional acreage to the south of the original lease holdings and are confident that this will be completed by the end of February 2003 with drilling to commence in May 2003. These additional interests in leases will be acquired by purchase or by farmin.

Additionally, the Company's investment in the Avalon Oil Company Partnership which was undertaken when that Partnership's revenues were approximately US\$42,000 per month has now a significant incremental increase in value as a result of projected revenues being in excess of US\$200,000 per month by December 2003. An independent assessment of just one of the fields in which the Avalon Oil Company Partnership has an interest has been valued at US\$3,000,000, greater than the total valuation attributable to the Avalon Oil Company, at the time your Company made its investment in the Partnership.

In conclusion, the West Pine Ridge Project and the Avalon Oil Company Partnership investment have accrued considerably greater value after the investment has been made resulting in enhanced shareholder value.

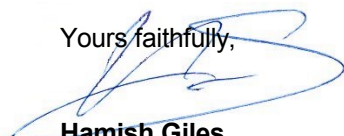
The Company is a pooled development fund offering its shareholders potential tax benefits.

As with any company involved in oil and gas exploration, there are inherent risks in making an investment in the Company. Any person interested in investing in the Company after receiving this Offer Information Statement should seek their own independent professional investment advice before investing; indeed I encourage them to do so.

I believe that this is an excellent opportunity to invest in prospective resource based projects in the US and, in particular, in the West Pine Ridge Project.

I am happy to commend an investment in the Company to you on behalf of the Board.

Yours faithfully,



Hamish Giles
Chairman

INVESTMENT OVERVIEW

- **Colorado Energy Pty Ltd - the "West Pine Ridge Project"**

- The Company has an 18% working interest in this project, which is highly prospective. The primary target sands are the Almond A-1 Sand at approximately 3,000 ft and the lower Mesaverde Sand at approximately 4,700 ft. An initial assessment was that:
 - the Almond A-1 Sand can be reasonably estimated to have reserves of between 45 Billion Cubic Feet (BCF) gas and 92 Billion Cubic Feet (BCF) gas (7.5 million to 15.4 million barrels of oil equivalent);
 - the lower Mesaverde Sand can reasonably be estimated to have reserves of between 45 Billion Cubic Feet (BCF) gas and 92 Billion Cubic Feet (BCF) gas (7.5 million to 15.4 million barrels of oil equivalent);
 - the total prospect reserves could be as high as between 92 Billion Cubic Feet (BCF) gas and 184 Billion Cubic Feet (BCF) gas (15 million to 30.8 million barrels of oil equivalent);

and the prospect has been upgraded since that assessment as referred to in Section 3.1.

- The original area of the project is approximately 3,200 acres and this is currently being added to as a result of the upgrade.
 - Avalon, who has introduced the opportunity to the Company, will manage the project;
 - Drilling is planned to commence in May 2003.
- **Avalon Investments (Aust) Pty Ltd - Avalon Oil Company Partnership ("Avalon")**
 - The Company has acquired an approximate 3.3% interest in Avalon, which is a Texas General Partnership and has **direct** interests in a series of producing oil and gas leases in the southwest United States. The value of Avalon's production has increased significantly since the start of May 2002 when monthly production was at a rate of approximately US\$42,000 per month. Avalon's current monthly revenue is approximately US\$120,000 per month with this projected to increase as additional wells are brought on stream.
 - Avalon is conducting an extensive drilling program on a series of projects and the interest in Avalon provides a spread of US oil and gas interests in the region including increased exposure to West Pine Ridge and other projects, both productive and yet to be drilled.
 - Avalon's revenues are applied to drilling and development programs to maximise long-term capital growth, rather than short term dividends.

- **Swearingen Gas Pty Ltd - the "Swearingen Project"**

- Has probable recoverable reserves estimated by Schlumberger, the worlds largest oil field service company, in excess of 1.25 Billion Cubic Feet (BCF) gas;
- Schlumberger suggests in its report in the Prospectus to have a high potential initial recovery rate with consequent initial high cash flow declining over a project life of approximately 7 years;
- Has the potential for a series of multi-stacked reservoirs with a known oil leg immediately below the known gas sands on which Schlumberger bases its reserve estimates with additional deeper reservoirs which are productive in other parts of the basin;
- Is regarded by the Directors as highly prospective with two wells (the Holscher 1 Well and the Patton 1 Well) having been permitted with a view to early drilling.

- **Queensland Coal Pty Ltd – the “Queensland Coal and Methane Project”**

Within the area of EPC Application 812 in the Surat Basin in Queensland, information publicly available indicates that Shell calculated in situ, potential open cut, minable reserves of 64 million tonnes of 2nd Class Indicated Reserves at a cumulative stripping ratio of between 5:1 m³/t, and 7.5 m³/t to a depth of 118 metres. Neither of the Applications have been refused or granted at the date hereof.

SUMMARY OF THE ISSUE

This Offer Information Statement invites subscriptions for 1,000,000 ordinary Shares at an issue price of A\$0.50 per Share to raise A\$500,000. The Company may accept over-subscriptions of up to 500,000 Shares to raise up to an additional \$250,000.

Application moneys are payable in full on application. The Directors have the right to accept or reject each application in whole or in part.

The Shares will rank equally in all respects with each other and the existing issued shares and each Share entitles the holder to one vote on a poll at the general meetings of the Company.

MINIMUM SUBSCRIPTION

There is no minimum subscription level.

MINIMUM APPLICATION

Applications must be for a minimum amount of A\$10,000 (a minimum of 20,000 Shares) and thereafter in multiples of A\$1,000.

PURPOSE OF THE ISSUE AND USE OF FUNDS

The purpose of the Issue and use of funds raised is as set out in Section 5. In summary this is to fund budgeted expenditure in relation to the West Pine Ridge Project, allow the Company to participate alongside Avalon in future drilling programs on projects under the right of first refusal referred to in Section 3.3 and undertake its commitments in relation to the farm in to the Swearingen Project.

ISSUE EXPENSES

The cash costs of the Issue will approximate A\$40,000 (including commission referred to below).

UNDERWRITING AND COMMISSION

The Issue is not underwritten. The Company will pay commission at the rate of 4% to brokers and licensed dealers on valid applications bearing their stamp, which are accepted by the Company and in respect of which Shares are issued.

PDF STATUS AND TAXATION BENEFITS

PDF status can provide taxation benefits. Investors in a PDF pay no Australian Income Tax on dividends paid to them nor do they pay Australian Capital Gains Tax on any capital gains derived from the sale of PDF shares. Conversely, losses cannot be claimed for tax purposes.

A report dealing with this issue dated 2 August 2002 was prepared by Ernst & Young for the Company and was included in the Prospectus at page 108 thereof. That report sets out Ernst & Young's understanding of the relevant law as at that date.

The Directors are not aware of any change in the law from the position as stated in that report.

SURRENDER OF PDF LICENCE

The Application Form provides authority to the Board of Directors of the Company to surrender its PDF Licence at such time as the Board may resolve. It is a term of the issue of the Shares that the Board shall be entitled to surrender the Company's PDF licence at such time as it may resolve without the necessity for the prior approval of members or any requirement for ratification of that action.

FORWARD LOOKING STATEMENTS

Various statements in this Offer Information Statement constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein.

RISK FACTORS

Both the Company and any investment in it are subject to risks. Section 6 details many of those risks.

SUITABILITY OF INVESTMENT

Applicants should read this document carefully and in its entirety with particular emphasis on the risk factors detailed herein before deciding to invest in the Company. They should understand that exploration for oil & gas is both speculative and subject to a wide range of risks and that, unless the Company makes a commercial discovery they may lose the entire value of their investment. Proposing Investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser before deciding whether to invest.

ALLOTMENT

Allotment of Shares to Applicants will occur as soon as practicable after the Closing Date. It is the responsibility of Applicants to determine their allocation of shares prior to trading in those shares. Any Applicants who sell shares before they receive their shareholding statements will do so at their own risk.

OVERSEAS INVESTORS

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. Law may restrict the distribution of this Offer Information Statement in jurisdictions outside Australia. Any failure to comply with these restrictions may constitute a violation of those laws. The Offer Information Statement does not constitute an offer of Shares in any jurisdiction where, or to any person to whom; it would be unlawful to issue this Offer Information Statement. Neither this Offer Information Statement nor the accompanying Application Forms may be sent to investors in the United States or otherwise distributed in the United States and the Shares may not be offered or sold in the United States or to or for the account or benefit of a US person. Where this Offer Information Statement has been despatched to any persons domiciled outside Australia, and where that country's securities laws require registration, this Offer Information Statement is provided for information purposes only. It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to their Application. The return of a duly completed Application will be taken by the Company to constitute a representation and warranty that there has been no breach of such regulation and that all necessary approvals and consents have been obtained.

SPECULATIVE NATURE OF OFFER AND PROJECTS

This Offer Information Statement and the projects in which the Company's subsidiaries have invested should be considered as speculative given the nature of the oil and gas industry and the risks discussed in Section 6 of this Offer Information Statement.

NATURE OF AN OFFER INFORMATION STATEMENT

An offer information statement is not a prospectus. The requirements for an offer information statement are set out in Section 715 of the Act.

An offer information statement has lower level of disclosure requirements than a prospectus and investors should obtain professional investment advice before accepting any offer to subscribe for securities of the company contained in this Offer Information Statement.

There are risks involved in investing in the Company and those risks are detailed in Section 6.

PRESENT OPERATIONS

1. BACKGROUND

The Company was incorporated on 24 May 1999 and is licensed as a pooled development fund under the Pooled Development Funds Act 1992 (as amended).

The funds to be raised by this Issue will be applied by the Company as required for subscription for new shares in each of its subsidiaries from time to time or advanced to them by inter-company loan as permitted by the PDF Act.

The Company is a holding company and does not carry out any oil and gas exploration or other activities in its own right.

References to the Company carrying on operations are references to the Company carrying on those operations through its subsidiaries. The Company has a series of subsidiaries, all of which are wholly owned.

2. US OIL AND GAS PRICES

The prices that have been used in the Prospectus in relation to the Swearingen Project and which are used in the summary of operations and project economics for the West Pine Ridge Project are significantly below current prices. The Schlumberger report in relation to the Swearingen Project contained a series of economic models utilising gas prices ranging up to US\$3.65 MCF. The initial assessment of the West Pine Ridge Project set out below, as prepared by Dr Ralph Kehle of Avalon and Mr George Ulmo, uses a US oil price of US\$25.00 (currently in excess of US\$30.00) and a gas price of US\$2.00 per MCF (currently in a range of between US\$5.00 per MCF and US\$6.00 per MCF).

3. OPERATIONS AND PROJECT ECONOMICS

You should read information contained in this Section against the background of the reports by George Ulmo and Schlumberger as contained in the Prospectus, a copy of which can be accessed from the ASIC database. While their reports relate to the various projects as at the date of their respective reports, which are **not** included or incorporated herein, their reports provide a valuable background against which to read the information contained herein. The authors of those reports have consented to references thereto on the terms set out in Section 17 as applicable.

3.1 West Pine Ridge Project – Summary Target Zones

The West Pine Ridge Project is an oil and gas project in Colorado that contains 2 main target zones: the Almond A-1 sand and the Lower Mesaverde Sands. Mr George Ulmo, as an independent expert has previously reported in a report contained in the Prospectus that, in his opinion, in the West Pine Ridge Project:

- the Almond A-1 Sand can be reasonably estimated to have reserves of between 45 Billion Cubic Feet (BCF) gas and 92 Billion Cubic Feet (BCF) gas (7.5 million to 15.4 million barrels of oil equivalent) and,
- the lower Mesaverde Sand can reasonably be estimated to have reserves of between 45 Billion Cubic Feet (BCF) gas and 92 Billion Cubic Feet (BCF) gas (7.5 million to 15.4 million barrels of oil equivalent).

- the total prospect reserves could be as high as between 92 Billion Cubic Feet (BCF) gas and 184 Billion Cubic Feet (BCF) gas (15 million to 30.8 million barrels of oil equivalent).

A copy Mr Ulmo's report may be obtained by obtaining a copy of the Prospectus, which is available on the ASIC database.

SINCE MR ULMO'S REPORT WAS PREPARED, A FURTHER ASSESSMENT OF THE PROJECT BY MR ULMO AND BY DR RALPH KEHLE OF AVALON, AS OPERATOR OF THE PROJECT, HAS LED EACH OF THEM TO THE VIEW THAT THE PROJECT IS A STRUCTURAL TRAP (A DOME) WITH A FOUR-WAY CLOSURE EXTENDING OVER A GREATER AREAL EXTENT THAN INITIALLY CALCULATED AND THAT THE PROJECT HAS THE POTENTIAL TO BE A MULTIPLE IN SIZE AND PROSPECTIVITY OF THE ORIGINAL ESTIMATES, DETAILS OF WHICH ARE SUMMARISED ABOVE.

In light of the above re-assessment, Avalon is currently accumulating additional acreage to the south of the original lease holdings and are confident that this will be completed by the end of February 2003 with drilling to commence in May 2003. These additional interests in leases will be acquired by purchase or by farmin.

3.2 West Pine Ridge Project – Possible outcomes based on original target assessment

While there are two principal objectives, the Almond Sand at 3,200 ft. and the Lower Mesa Verde Sand at 4,700 ft. other Mesa Verde sands are probably gas productive as are many of the coal seams. These other reservoirs are "tight gas reservations" with more difficult economics and are not the main target zones.

Mr Ulmo and Dr Kehle have previously advised the Company that based on the initial assessment summarised above there are four possible operational outcomes. These are summarised below and essentially comprise summaries of project economics based on the assumptions contained in the initial target assessment detailed above, current drilling, completion and operating costs applicable in Colorado as applied to the project, assumed success or failure in drilling, an assumed oil price of US\$25.00 per barrel and an assumed gas price of US\$2.00 per MCF.

(a) Neither Objective Formation is Productive

No revenue is derived from the objective (target) reservoirs. There are, however, more than twenty coals in the 2000 ft. Mesa Verde section (from 3,300 to 5,300 ft.) that will be penetrated by the proposed test well. Tipperary Corp. and Koch Industries have recently drilled ten coal bed methane wells nearby (about 2.5 miles SW by line-of-sight) and hold a minor interest (about 3%) in the south one-half of Section 33, and a 100% interest in the east one-half of the east one-half of Sec. 32, T8N, R92W.

Tipperary has accumulated a lease block of over 30,000 acres to pursue this coal bed methane play. Their wells are just starting to make gas as they are proceeding with the dewatering of the coals. Coal bed methane is the biggest energy play in the Rockies at the present time.

If the West Pine Ridge joint venture parties elect not to proceed with developing the coal bed methane, either Tipperary Corp. or Koch Industries may be interested in buying the West Pine Ridge Project leases, on which the West Pine Ridge joint venture parties would retain an Overriding Royalty (ORRI). Because of the comparatively large acreage holding and the fact that coal bed methane is developed on 160 acre or smaller spacing, the ORRI should generate significant revenue, provided that development proceeds because of favourable project economics.

No approach has been, or will be, made to either such company unless drilling establishes that neither objective formation is productive. No information on likely project economics from such an outcome is available at this stage and no assumption should be made that the receipt of revenue by the West Pine Ridge joint venture parties will mean that the Company itself will be profitable.

(b) Only the Lower Mesa Verde Sand is Productive

(i) Single well economics are calculated to be as follows:

- (1) Well Cost US\$500,000 (most wells will cost less than the initial well because road work, surface facilities and similar items can be combined on individual leases).
- (2) Net Revenue Interest (NRI) about 78%. This cannot be ascertained with certainty until there is a Division Order Title Opinion, but almost all leases have an NRI of 80% or better. Aggregate ORRI to third parties will be in the order of 2.5 % (dependent on each individual lease), leaving a likely total NRI of around 78%.
- (3) Associated gas of 1 MCF per barrel of oil is typically enough to pay for operating expenses during the initial years of the useful life of a well. Many of the fields nearby have higher gas-to-oil ratios.
- (4) The objective potentially productive Lower Mesa Verde Sand is 18 ft. thick in the Pan American #1 USA - T.G. Dorrough. As stated in the Prospectus, George Ulmo's study of more than 20 fields in this part of the Sand Wash Basin suggest recoveries from these sands to vary between 100 to 400 barrels of oil per acre foot (BO/ac.ft.). Recoveries on 40 acre spacing would then be between 72,000 barrels of oil and 288,000 barrels of oil per well. Admittedly this is a very large range, but even the lower end yields a payout multiple of 2.9 at the assumed oil and gas prices stated. The upper end of the range yields a payout multiple of 11.

(ii) Field Economics

- (1) Based on the current structure map, there is more than 2,000 acres high to the Pan Am well, which indicates the possibility of 25 wells on 80 acre spacing. Initial development would be on 160 acre spacing, with later infill drilling downspacing to 80 acre spacing. Subsequent engineering assessment will determine whether additional infill drilling downspacing to 40 acre spacing is required. On larger spacing, per acre foot recoveries are typically lower, but if drainage is efficient, per well recoveries increase significantly. It is anticipated that the project would need at least 80 acre spacing to drain an accumulation and 40 acre spacing may well be needed.
- (2) If developed as stated in above, this would be a large field with potential savings because of scale. Regardless, assuming only single well economics, the total investment in the field would equal US\$8.75 million and recoveries would be between 1.8 and 7.2 million barrels of oil. A simple arithmetical calculation gives gross revenue estimates of US\$35 million to US\$140 million to the Working Interest with most of the operating costs covered by associated gas sales.

(c) Only the Almond Sand is Productive

(i) Single well economics are as follows:

- (1) Well costs of US\$350,000 ought to be adequate. Only the first well would be more expensive. A more elaborate high-pressure field wide gathering system would be required that may ultimately cost more than a single well.
- (2) NRI is the same as above (78%).
- (3) Associated oil or condensate is likely to be adequate to cover operating expenses in the first few years of the life of the field.

- (4) Assuming **US\$2.00 per MCF**, it only takes 225 MMCF to payout a well. (Gas in the Rocky Mountains sells for much less than Texas Gulf Coast and Louisiana gas). George Ulmo's study of related fields in the area suggests per well reserves of between 4.5 and 9.2 Billion Cubic Feet (BCF) per well. This translates to payout multiples of between 20 and 50 times. This may be high because a considerable fraction of the recovered gas will probably have to be compressed in the field. This could reduce the effective price for the gas from US\$2.00 to between US\$1.50 to US\$1.65. (About 5 to 8 percent of the gas would be used as compressor fuel and other costs will be incurred). Even so, the payout multiple would still be high.

(ii) Field Economics

George Ulmo states that the field might cover 3,200 acres. On a 320-acre spacing, this means drilling 10 wells at a cost of US\$3.5 million plus US\$500,000 for field wide facilities. If the field actually were this large, a central compressor station would substantially reduce the cost of compression and thereby mitigate the apparent price erosion discussed above. Otherwise, total field economics are similar to those of single well economics. A simple arithmetical calculation gives gross revenue estimates of US\$63 million to US\$125 million to the Working Interest, in this instance assuming that 10 percent of the gas is used as compressor fuel.

(d) **Both Objective Formations are Productive**

(i) Single well economics.

(1) Dual Completion Wells

- A. Dual completion well will likely cost US\$650,000. This is because it would be necessary to use 9 5/8" surface casing, 7" production string, two packers and two tubing strings with more complex engineering requirements to complete the wells.
- B. NRI is the same at about 78%.
- C. Recoveries are the same as above, so that single wells completed in this manner might be extremely productive. However only one well per 320-acre space would be dually completed.

(2) Single Completion Wells

All remaining wells within each 320-acre unit would be oil wells drilled to the Lower Mesa Verde sand and everything discussed above applies.

(ii) Field Economics

No attempt has been made to calculate field economics but, clearly, they would be attractive.

3.3 **Avalon**

The Company has acquired approximately 3.3% of the Avalon Oil Company Partnership, which is a Texas General Partnership and not a corporate entity. Avalon comprises a small organisation of individuals who have been associated with Dr Ralph Kehle for many years. Generally, Avalon deals as a joint venture party with Stevens & Tull Development, LLC with Avalon taking a $\frac{1}{3}$ interest and Stevens & Tull taking a $\frac{2}{3}$ interest in various ventures. The general strategy is to sell down to 50% of the initial interest and individual partners are given first right of refusal to take up the interest sold down.

The Company acquired the 3.3% interest in Avalon for a total investment of approximately A\$150,000 which price was based on an independent valuation of the assets of the Avalon Oil Company Partnership obtained in May 2002 at a time when Avalon's production from its operating wells was approximately US\$42,000 per month. To arrive at the acquisition price the valuation obtained was escalated by approximately 25% in accordance with a formula established at that time. At present, production from Avalon Oil Company Partnership's producing wells is running at in excess of US\$120,000 per month. This increase in revenue reflecting increased production from additional drilling, without any corresponding increase in the capital base or debt of Avalon shows, in the opinion of the Directors, a substantial increase in the value of the interest.

Under the terms of the Avalon Partnership all revenue, after overhead recovery, is reinvested in additional drilling and development work with a view to significantly expanding the partnership operations.

Avalon has a portfolio of prospective leases and producing oil and gas leases. Its core strategy is to develop the productive leases in conjunction with Stevens & Tull to a level where they are readily purchasable by oil and gas majors in the United States. This strategy has realised greater than US\$70,000,000 in sale proceeds for Stevens & Tull, Avalon and their associates in the past 5 years. Avalon's share of those proceeds do not form part of Avalon's present portfolio of assets as that was distributed to the then partners when realised.

Due to the expanded drilling program that Avalon have undertaken in the past 6 months, a number of exciting prospects are beginning to produce thereby enhancing the value of the Company's investment as reflected by the increased revenues in Avalon.

Dr Ralph Kehle of Eichen Petroleum Management, Inc. is the Managing General Partner of Avalon. Dr Kehle spent his early years in the oil and gas industry with affiliates of Standard Oil of New Jersey. In the 1970's he was an adjunct Professor and Examiner at the University of Texas and managed a small independent oil and gas group based in Austin Texas. Dr Kehle subsequently became Executive Chairman of the Hershey Oil Corporation based in LA and negotiated the takeover of that company by American Exploration Company of Houston.

3.4 Swearingen Project

The Company may earn up to a 40% Working Interest in the Swearingen Project by farm-in on the terms set out in the Prospectus, namely: by reimbursement of 40% of accrued expenses (an amount of A\$75,000 to be reimbursed) and drilling and completing two wells.

The Swearingen Gas Project is located approximately four miles southeast of Robinson, Illinois and ¾ to 1¼ mile east of Illinois Route 1. The prospect lies on an anticlinal nose east of Main Consolidated Field and the LaSalle Anticlinal Belt. The prospect is named for a small, gas field that was discovered and largely abandoned before World War I.

At least two gas sands have been identified on electric logs of rotary wells. Two wells (Holscher 1 and the Patton 1) have been permitted to be drilled. The wells are to be drilled to a depth of up to 2,000ft.

The primary target zones are the 700ft and 900ft Pennsylvanian gas sands. Secondary potential exists in deeper producing horizons such as the Basal Pennsylvanian, the Chester-aged sands and the McCloskey oolites and dolomites.

The 900ft sand has produced from a well on adjacent land in the early 1900s that was plugged by 1917. The dry hole cost of drilling the well is stated in the Prospectus to be US\$32,900 and, if completed, to increase to US\$81,000. The dry hole cost of the well can be met by funds presently available to the Company.

A gas pipeline is located near the prospect area. The owner of the pipeline would transport the gas if quality and rate meet the pipeline's requirements. This cannot be established until a well is completed.

The Company initially proposes to drill the Holscher #1 Well as a south offset to the Ellis #1 Well to test the 700 ft Robinson gas sand, the 900 ft Robinson gas sand and the oil potential of the underlying Robinson sands. The secondary objectives are to assess the potential for deeper producing horizons such as the Basal Pennsylvanian, the Chester-aged sands and the McCloskey oolites and dolomites. The Holscher #1 well is presently planned to be drilled to a depth of approximately 1,700 ft but is presently permitted to a depth of 2,000 ft. The Holscher #1 well will likely be followed by the drilling of the Patton #1 well to further test potential Robinson sands in that location.

Schlumberger have previously prepared a report on the Swearingen project into which Swearingen Gas Pty Ltd, a subsidiary of the Company, has agreed to farm into. That report was also contained in the Prospectus and can be accessed from the ASIC database.

Schlumberger reviewed the natural gas reserve potential of the leased area of the Swearingen Project. Schlumberger has:

- (a) estimated that those areas presently leased contain probable gross reserves of approximately 1.25 Billion Cubic Feet (BCF)G in situ with recoverable net reserves to the Company's account of in excess of 1 Billion Cubic Feet (BCF)G;
- (b) prepared production estimates over an estimated 6.5 to 7.0 year project with a high potential initial recovery rate with consequent initial high cash flow declining over a project life of approximately 7 years;
- (c) applied a series of net present worth calculations to those production estimates based on differing discount rates to cash flow calculated by them to be derivable from that production at the various prices used in the economic models from which estimated reserves are calculated. Those economic models are set out in the Prospectus and may be referred to by accessing the ASIC database.

Additionally it:

- (d) has the potential for a series of multi-stacked reservoirs with a known oil leg immediately below the known gas sands on which Schlumberger bases its reserve estimates with additional deeper reservoirs which are productive in other parts of the basin;
- (e) is regarded by the Directors as highly prospective with two wells (the Holscher 1 Well and the Patton 1 Well) having been permitted with a view to early drilling;
- (f) Is ready to drill with pre-drilling title opinions having been obtained.

3.5 Coal and Coal Bed Methane Project

The Exploration Permit Applications EPC 812 and 814 are located in the north-eastern part of the Surat Basin north of Miles. EPC 812 consists of 213 sub-blocks, and EPC 814 of 110 sub-blocks covering an area of approximately 960 square kilometres. Shell drilled up a number of possible economic deposits within the Kentucky Seam that are adjacent to or within EPC Application 812 along a strike length of approximately 15 kilometres. A very small portion of the KT2 deposit lies within the northern portion of the Application area but is too small to be considered as part of the reserves. The KT3 and approximately 1/3 of the KT4 deposits are present as shown in the table below.

Reserve Area	Coal Thickness	Relative Density	Area m ² (x10 ⁶)	2 nd Class Indicated Reserves (million tonnes)
KT3	6.2	1.45	6.8	61.0
KT4 (1/3) portion	2.9	1.45	2.6	3.6
				Total 64.6

Shell calculated in situ, potentially open cut, minable reserves at a cumulative stripping ratio of between 5:1 m³/t and 7.5 m³/t to a depth of 118 metres. The down dip extensions of KT1, K2, Kt3 and KT4 lie in the application area and there is a potential for underground reserves below the open cut deposits. Shell's data indicates the presence of coal seams at depth throughout the areas.

The applications have been neither accepted nor rejected as at the date hereof.

THE OFFER

4. OFFER

4.1 The Issue

Applicants are invited to apply for a total of up to 1,000,000 ordinary Shares at an issue price of fifty cents (A\$0.50) per Share to raise A\$500,000. The Company will accept over-subscriptions of up to 500,000 Shares to raise up to an additional A\$250,000.

Before making a decision to invest or subscribe for Shares each Applicant should read this Offer Information Statement in full having particular regard to the risk factors, consider his or her own investment parameters and needs, and as necessary, seek independent professional advice from appropriate advisers.

Applicants should consider any investment in the Company and its securities as speculative given the volatile nature of the oil and gas industry and the risk factors detailed in Section 6.

4.2 Minimum Application

Applications must be for not less than 20,000 Shares having an aggregate issue price of A\$10,000 and thereafter applications for Shares must be in multiples of 2,000 Shares (A\$1,000).

4.3 Minimum Subscription

There is no minimum subscription level. All valid applications may be accepted at Directors discretion.

4.4 Opening and Closing of the Issue

The Issue will open on 28 February 2003 ("the Opening Date") and will close on the Closing Date that is 5.00pm (EST) on 20 March 2003, or such date as the Directors may determine in their sole discretion.

4.5 Exposure Period

In accordance with Section 727(2) of the Act this Offer Information Statement is subject to an exposure period of 7 days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to 7 days. Applications received during this period will be dealt with in accordance with Section 724 of the Act. No preference will be conferred on Applications received during the exposure period and all Applications received during that period will be treated as if simultaneously received immediately following the end of that period.

4.6 Overseas

This Offer Information Statement does not constitute an offer in any jurisdiction outside of Australia or to any person to whom it would not be lawful to issue this Offer Information Statement.

Nominees applying for Shares on behalf of overseas residents are responsible for ensuring that an application for Shares does not breach any regulation applicable to any such overseas resident.

Lodgement of Application Forms accompanied by the relevant application moneys will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants who are nominees or persons proposing to act as nominees should seek independent advice as to how they should proceed.

4.7 Underwriting, Commission and Brokerage

The Issue is not underwritten.

The Company will pay commission at the rate of 4% to brokers and licensed dealers on valid applications bearing their stamp which are accepted by the Company and in respect of which shares are issued.

4.8 Instructions to Applicants

Application for Shares can only be made by completing an Application Form in accordance with the instructions thereon.

Application Forms must be lodged with the Company as shown on the Application Form.

Applications for Shares may be accepted by the Company in whole or in part and the Company reserves the right to accept or reject any Application at its discretion.

4.9 Tax File Numbers

It is not necessary for Applicants to quote their tax file number.

4.10 Costs and Expenses of the Issue

The total expenses of the Issue payable by the Company, including commission, all legal costs and expenses, accounting fees, printing costs, share registry and other costs and expenses are estimated to be A\$40,000.

4.11 Taxation Implications

Applicants should seek their own independent advice in relation to matters relating to the operation of taxation laws in Australia generally.

The Company is unable to give advice on taxation matters generally as each Applicant's position will relate to their own specific circumstances.

Applicants should satisfy themselves of possible taxation consequences of purchases and sales of securities by consulting their own professional tax advisers.

4.12 Action by Applicants

Accompanying this Offer Information Statement is an Application Form for use by all Applicants.

Each form provides detailed instructions as to how application for Shares should be made. Applications for Shares will only be accepted on these forms.

Duly completed Application Forms should be lodged with the Company's Share Registry on or before the Closing Date.

4.13 Enquiries

For all enquiries contact Mr Stephen Danne, Company Secretary, Concentrated Capital Limited, Level 2, 409 St Kilda Road, Melbourne Vic 3004 on Telephone (03) 9876 9748, Facsimile (03) 9879 7976 or by email at admin@concentratedcapital.com.au

5. APPLICATION OF FUNDS

Assuming that the Issue is fully subscribed the funds raised by this Offer Information Statement will be applied first in making payment of the costs of the Issue. Funds remaining after payment of all such expenses will then be applied in subscription for shares in the Company's subsidiaries or by loan account (subject to the restrictions imposed under the PDF Act) to be applied to fund budgeted expenditure in relation to the West Pine Ridge Project, allow the Company to participate alongside Avalon in future drilling programs on projects under the right of first refusal referred to in clause 3.3 and undertake its commitments in relation to the farm in to the Swearingen Project.

RISKS INVOLVED IN INVESTING IN THE COMPANY

6. BUSINESS AND INVESTMENT RISKS

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 any 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 a limited drilling program. In the event that those drilling programs are not successful, or even if they are, the Company may have limited financial resources available to it without raising further capital. In the event that the programs are unsuccessful the Company should be regarded as having a limited future with potentially serious and adverse consequences for its investors.

Other risks associated with investment in the Company include:

- 6.1 **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. In a PDF when the price of a share falls the holder will not be able to claim a loss for CGT purposes if an actual loss is incurred on sale.
- 6.2 **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.
- 6.3 **risks related to investment in resources.** Exploration and/or development of resources generally are subject to high levels of risk.
- 6.4 **sovereign risk.** The Company's oil and gas exploration activities will be primarily carried out in the US. 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 the US. Additionally, political risks exist associated with recent terrorist activities around the world and the US Government's response thereto.
- 6.5 **fiscal risks.** These involve the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies, the interpretation and application thereof.
- 6.6 **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. The majority of the Company's revenue, if any, and expenditure will be derived and made in the US. Fluctuations between the Australian dollar and the US dollar exchange rate may adversely affect the Company.
- 6.7 **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 will 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.
- 6.8 **taxation aspects.** Applicants should seek their own professional advice. The report by Ernst & Young on the taxation consequences for investors in the Company contained at page 108 of the Prospectus and referred to generally in the Chairman's covering letter at the start of this Offer Information Statement on the terms set out in that letter.

- 6.9 **the Company is a PDF.** Government policy relating to PDFs and the benefits available through the use of PDFs may change at some stage in the future. Any such change may alter or modify the present conditions under which PDFs operate and may remove or modify the taxation benefits presently granted to PDFs. The PDF program as administered by AusIndustry is subject to ongoing review.
- 6.10 **risks relating to commodity prices.** Commodities are subject to high levels of volatility in price and demand. Following the terrorist attacks in New York and threat of war, the oil price increased to in excess of US \$31.00 per barrel but has recently been in a range around approximately US \$30.00 per barrel. Likewise, spot prices for natural gas recently fell to a low of US \$2.00 per MCF before recovering to current prices in excess of US \$5.00 per MCF.
- 6.11 **political and other factors.** These include such as changes in levels of consumer confidence affect consumption patterns and consequently demand for a wide range of products including commodities such as oil and gas. Commodity prices may be subject to fluctuation because of a wide range of other factors including climate that result in seasonal changes in demand and supply and prices. One factor that will affect natural gas prices is the capacity of natural gas storage facilities in the US and the level of storage of natural gas in those facilities.
- 6.12 **sufficiency of funding.** In particular the economic models relating to Swearingen as contained in the Prospectus should be understood to be based on the assumptions set out in the Schlumberger report. In particular they assume adequate and sufficient funding to drill that number of productive wells on which they are based. Any Applicant wishing to review the Swearingen Project should access the Prospectus. Within the knowledge of the Directors, there are no material changes in relation to the Swearingen Project that would make the Schlumberger report misleading. The only material change known to the Directors is that gas prices have increased substantially from the prices used by Schlumberger (upto US\$3.65 per MCF) in preparing their economic models to a present price range of between US\$5.00 per MCF and US\$6.00 per MCF generally.
- 6.13 **risk as to profitability.** Any present estimate as to possible production levels may fail to 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. Additionally, US tax laws presently impose withholding tax on funds transferred out of the US.
- 6.14 **management competency.** The future success of the Company will be primarily dependent on the competency of Team and 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 in the US. The Company's future growth will also be dependent upon engagement of management capable of managing and expanding its operations beyond the present projects.
- 6.15 **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.
- 6.16 **litigation.** Neither the Company nor any of its subsidiaries are presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.
- 6.17 **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.

- 6.18 **production risks.** There can be no assurance given that the Company will achieve production from any of the projects referred to in this Memorandum. 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.
- 6.19 **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.
- 6.20 **environmental risks.** The requirement that following cessation of production from operations, the Company will 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.
- 6.21 **climatic risks.** The risk of adverse weather conditions that may affect production and exploration.
- 6.22 **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.
- 6.23 **discovery risks.** Any discovery of oil or gas may not be commercially viable or recoverable.
- 6.24 **reserve risks.** Risks relating to the existence of probable or any reserves. Statements as to reserves should be regarded as being indicative only. Applicants are referred to the qualifications made in the attached reports as to the basis of reserve statements and the inherent difficulties in the quantification thereof.
- 6.25 **reserve calculation risks.** In addition to the above there are numerous difficulties inherent in estimating reserves. Any statement or inferences as to reserves should at best be regarded as preliminary indications or possibilities and not relied on. The variables on which estimates of reserves are made include a number of factors and assumptions such as historical production, comparisons with production from other producing areas, assumed effects of regulation by government agencies, assumptions regarding future gas prices and future operating costs, all of which may vary considerably from actual results. Assumptions that affect either the cost of recovery or the viability of recovery of any resource will affect any calculation of reserves.

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.

DIRECTORS, MANAGEMENT AND SHAREHOLDERS

7. DIRECTORS AND MANAGEMENT

At present the Company is managed by its Directors.

DIRECTORS

Hamish M Giles (LLB, BEC) Chairman of Directors

Mr Giles is founder and a Director of a Melbourne based consultancy firm. Salmon Giles Pty Ltd offers strategic consultancy services in areas such as human resource management consulting, strategic industrial relations consulting, accounting and tax planning services, remuneration structuring and job evaluation, personal wealth and contingency services.

Mr Giles established Salmon Giles Pty Ltd 14 years ago after working with Arthur Andersen and McIntosh Securities. Mr Giles has qualifications in Law and Accounting and provides advice in relation to enterprise bargaining, innovative remuneration and incentive arrangements, business consulting and taxation planning. His clients include government, city councils, the health care industry and a wide range of private companies and high net worth individuals.

He is a founding Director of HarvestRoad Limited and is Chairman of their Audit and Compliance Committee.

Mr Giles is Chairman of the Audit and Compliance Committee and Board Appointments Committee of the Company.

Applicants should also note that Salmon Giles Pty Ltd is the Company's Nominated Adviser under the NSX Listing Rules.

David R Rose Non Executive Director

Mr Rose is a professional investor with specific expertise in the manufacturing and oil and gas industry.

Previously, Mr Rose was a Director of Western Gulf Oil and Mining Ltd, a Company listed on the ASX that later became Ballarat Consolidated Gold NL. Amongst other projects, Western Gulf was involved in the exploration for oil and gas in Texas during the 1980's. He was also a Director of John Foster Ltd, a worsted cloth manufacturer listed on ASX.

Mr Rose was Managing Director of a large Clothing, Hosiery and Sporting Goods Company for thirty years that was responsible for establishing Nike shoes and Le Coq Sportif clothing on the Australian market. He subsequently sold out to a large multi-national American Company.

Mr Rose is a member of the Audit and Compliance Committee and the Strategic Review and Operations Committee.

David F Gibbs Non Executive Director

Mr Gibbs has extensive experience in all areas of property development, construction and management.

Mr Gibbs is the founder and Managing Director of ICR Property & Investment Group, a commercial and residential property development company, predominately operating in metropolitan Melbourne and regional Victoria. He has also developed a significant number of properties on his own behalf over the past 10 years.

Mr Gibbs previous experience includes nine years as a real estate consultant in Melbourne specialising in sales of large commercial properties. He has consulted as master planner to a number of major public companies for shopping centres, fuel stations and distribution centres. He has also project managed a number of large industrial estates, automotive and bulky goods properties.

Mr Gibbs is Chairman of the Strategic Review and Operations Committee and a member of the Risk Management Committee.

Andrew M Grace (BA)
Non Executive Director

During recent years Andrew has primarily been an investor, an associate investor in the Grace Bros. retail family private company's and a consultant to a technology venture capital organisation. He has assisted in raising funds for public oil and gas companies in Australia and other unlisted entities and has had significant experience in foreign exchange transactions.

He has and continues to build a growing network of contacts in the private sector investment capital industry.

Between 1997 and April 2000 Mr Grace was Managing Director of RMR Worldcom Pty Ltd ("RMR") and Tele2000 Corporation Pty Ltd ("Tele2000") which were involved in the sales and marketing of telecommunications and telephonic services. Under his management, RMR developed an extensive list of major public company clients, government departments and local councils. He was instrumental in Tele2000 building a client base of 45,000 customers with over 60 sales staff including representation and staff in all State capital cities. Tele2000 was sold as part of the float of Tele2000 Limited in May of 2000 in which he assisted in raising funds.

Prior to becoming involved with RMR and Tele2000 and between October 1994 and February 1997 Mr Grace was a production co-ordinator situated in the USA for production of commercials, music videos and films.

Mr Grace is Chairman of the Risk Management Committee and a member of the Strategic Review and Operations Committee and the Board Appointments Committee.

COMPANY SECRETARY

Stephen K Danne

Mr Danne is the founder and Director of several Melbourne based small businesses covering a wide diversity such as book publishing, warehousing & logistics and communications.

He has had previous experience as Company Secretary and Financial Controller of a large private company turning over A\$80 million per annum and now maintains a hands on approach to the daily management of several small businesses.

Mr Danne's previous experience includes seven years in builders' hardware at the wholesale level. Seven years in metal manufacturing at the Executive Director level and five years in telecommunications as a shareholder, Director and Company Secretary.

Mr Danne has a wealth of commercial experience particularly in business administration.

Mr Danne is a member of the Audit and Compliance Committee, Strategic Review and Operations Committee and the Risk Management Committee.

8. DIRECTORS REMUNERATION

The members of the Company have agreed that the Directors shall be remunerated a maximum of A\$100,000 per financial year of which up to 50% of this remuneration shall be granted as shares in the Company at the weighted average of the past 10 days trading, payable quarterly in advance.

9. DIRECTORS' AND OFFICERS' SHARE AND OPTION HOLDINGS

The names of each of the Directors and Officers of the Company and the number, description and amount of securities of the Company presently held by each of them or on their behalf as at 31 December 2002 are set out in the table below.

Name	Position	Shares Held	Options exercisable at A\$0.10*	Options exercisable at A\$0.20*
Hamish Giles	Chairman	125,000	125,000*	250,000*
Andrew Grace	Director	125,000	125,000*	250,000*
David Gibbs	Director	275,000	125,000*	250,000*
David Rose	Director	125,000	125,000*	250,000*
Stephen Danne	Company Secretary	75,000	75,000*	150,000*

* One half of the options exercisable at \$0.20 are exercisable on the Company being admitted to ASX (in the event that this occurs at some time in the future) and the balance are exercisable on commencement of commercial production.

10. TOP 20 SHAREHOLDERS

The top 20 shareholders in the Company as at 31 December 2002 are set out in the table below.

Rank	Name	Units as at 31/12/02
1	Parmelia Pty Ltd	2,200,000
2	Svinsky Nominees Pty Ltd	750,000
3	Elmside Pty Ltd	600,000
4	Robert John Aird	360,000
5	Makintosh Holdings Pty Ltd	300,000
6	Tulip Tower Pty Ltd	300,000
7	Agvest Pty Ltd	250,000
8	Estelville Nominees Pty Ltd	250,000
9	Mr Mike Malbourne	250,000
10	Shayne Menzies	230,000
11	Mr Christopher H Aeschliman	200,000
12	Mrs Angela Johnson	200,000
13	Raglan Property Investments Pty Ltd	200,000
14	Upmarket Investments Pty Ltd	200,000
15	Graeme Alan Menzies	160,000
16	Cameron Stockbrokers Limited	150,000
17	Gibbs International Pty Ltd	150,000
18	David Gibbs	125,000
19	Hamish Giles	125,000
20	Andrew Grace	125,000

FINANCIAL INFORMATION

11. CAPITAL STRUCTURE

11.1 Present Capital Structure

The company's capital presently comprises the following:

(a) **Fully Paid Ordinary Shares**

Fully paid ordinary shares	8,985,000	
Fully paid ordinary shares (Escrowed to 10/12/03)	850,000	
Total issued Ordinary Shares		9,835,000

(b) **Unlisted Options**

Exercise price of \$0.10 per option (expiry 18/4/07)	575,000	
Exercise price of \$0.20 per option subject to ASX Listing (expiry 18/4/07)	575,000	
Exercise price of \$0.20 per option subject to Commercial Production (expiry 18/4/07)	575,000	
Exercise price of \$0.09 per option (Escrowed to 10/12/03) exercisable on or before 19/11/03	170,000	
Total issued Options		1,895,000

11.2 Capital Structure on Completion of the Issue

On completion of the issue and allotment of shares pursuant to this Offer Information Statement and on the assumption the issue is fully subscribed the company's capital will increase to between 10,835,000 shares and 11,335,000 shares, or 12,730,000 shares (fully diluted after exercise of options) and 13,230,000 shares (fully diluted after exercise of options).

12. TAXATION CONSIDERATIONS - OPERATIONS IN THE US

Generally speaking, those of the Company's subsidiaries which operate in the US will pay US tax on any profits derived and all dividends paid by them to the Company will be unfranked dividends.

13. AUDITED FINANCIAL STATEMENTS

Attached to and forming part of this Offer Information Statement are audited accounts prepared for the purpose of compliance with the provisions of Section 715(2) of the Act.

It can be seen from the financial statements that as at 31 December 2002 the Company and its controlled entities had a total of A\$266,787 cash at bank. As at the date hereof, there has been no material change in the financial position of the Company or its controlled entities from that shown in the audited financial statements.

Assuming the Issue is fully subscribed, the net proceeds of the Issue, estimated at A\$460,000, will substantially increase cash at bank to enable the Company to progress its objectives and specifically the purposes for which the funds are to be raised as set out in Section 5.

OTHER RELEVANT MATTERS

14. RIGHTS ATTACHING TO SHARES

A summary of the more significant rights attaching to the Company's shares is set out below. This summary is not exhaustive nor does it constitute a definite statement of the rights and liabilities of the Company's members. To obtain such a statement, Applicants should seek independent legal advice.

14.1 Ranking

The Shares will be ordinary shares and will rank equally in all respects with the existing ordinary shares in the Company.

14.2 Partly Paid Shares and Liability for Calls

Members holding partly paid shares will be liable to pay calls and make contributions in the event of the winding up of the Company in like manner as holders of partly paid shares in any other company limited by shares. At present there are no partly paid shares on issue.

14.3 Reports and Notices

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution of the Company and the Act.

14.4 General Meetings

Members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Act and the Constitution of the Company.

14.5 Voting

At a general meeting of the Company every ordinary member present in person, or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

A member who holds a share that is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the Share.

14.6 Dividends

The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests.

14.7 Reduction of Capital

The Company may only reduce its capital in such manner as may be permitted by the provisions of both the Act and the PDF Act from time to time.

14.8 Borrowing and Lending Powers

The Company may only borrow and lend in such manner as may be permitted by the provisions of the Act from time to time.

14.9 Winding Up

Members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.

14.10 Transfer of Shares

Subject to the Constitution of the Company and the Act the shares will be freely transferable.

14.11 Future Increases in Capital

The allotment and issue of shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of shares to Directors or their Associates contained in the Constitution of the Company and the Act, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.

14.12 Variation of Rights

The rights, privileges and restrictions attaching to ordinary shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three-quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three-quarters of the ordinary shares on issue, within two months of that general meeting.

14.13 Directors

The Constitution of the Company contains provisions relating to the rotation of Directors (other than managing directors and alternate directors).

15. TAXATION CONSIDERATIONS - PDFs AND THEIR SHAREHOLDERS

15.1 Tax Implications of Dividends paid to Australian Resident Shareholders

At present the Company has not derived any profits from its operations. However, if it should do so in the future, it may distribute its profits to its shareholders by way of dividend. Both franked and unfranked dividends paid to shareholders of a PDF (such as the Company) are exempt from income tax (and interest incurred by shareholders on funds borrowed to acquire shares in the Company is generally non-deductible). However, a shareholder may elect to treat a franked dividend as assessable income. Where a shareholder makes that election, the shareholder will need to hold the shares at risk for a prescribed period to obtain rebates or franking credits. As and when the Company derives profits, shareholders should seek further advice in relation to these matters.

15.2 Disposal of Shares by Investors

If an investor sells or otherwise disposes of Shares in the Company any profit or gain derived from the disposal will not be subject to income tax or capital gains tax. Any loss arising from the disposal will not be deductible for income tax purposes and will not give rise to a capital loss.

If the Company ceases to be registered as a PDF, for example, if the licence is surrendered, shareholders will be deemed for income tax purposes to have disposed of and reacquired their shares for a consideration equal to the market value of those shares at the time the Company ceases to be registered as a PDF. Shareholders will then be subject to tax on gains arising from any subsequent disposal of shares and, in the event that the shares are subsequently sold for a price lower than the market value of the shares at the time the Company ceases to be registered as a PDF, then the disposition of the share would give rise to a capital loss.

Shares in a PDF, such as the Company, are not treated as trading stock for income tax purposes.

These issues are dealt with in more detail in the report by Ernst & Young contained at page 108 of the Prospectus but it should be noted that the law as stated therein is as at 2 August 2002 and investors should seek additional advice to ascertain whether there have been any material changes in the law dealt with in that report. The terms on which Ernst & Young consent to references to that report in this Offer Information Statement are set out in the Chairman's covering letter and in Section 17.3.

DEFINITIONS

16. DEFINITIONS

Unless otherwise stated or unless inconsistent or repugnant with the context in which the expression is used, each of the following expressions have the meaning set out below:

"\$" or **"A\$"** means references to dollar amounts in Australian currency.

"the Act" means the Corporations Act 2001 as in force within Australia.

"ASIC" means Australian Securities and Investments Commission.

"Billion Cubic Feet (BCF)G" means Billion Cubic Feet of gas.

"Business Day" means, generally, those days 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 as not a Business Day.

"the Company" means Concentrated Capital Limited (ACN 087 730 667)

"Directors" or **"Board"** means the Directors of the Company.

"Group" when referring to the means the Company and its subsidiaries from time to time and, when referring to any other corporate entity, means that entity and its controlled or subsidiary entities.

"Issue" means the issue of Shares pursuant to this Offer Information Statement.

"Listing Rules" means the Official Listing Rules of NSX.

"MCF" means Thousand Cubic Feet of gas.

"MMCF" means Million Cubic Feet of gas.

"NRI" means that percentage of revenue derived from ownership of that share of production to which a party is entitled according to its respective Working Interest as reduced by the entitlement to production arising under agreements granting royalty, overriding royalty, production payment and other interests burdening an oil and gas lease whether owned by landowners and their assignees and created on the grant of the lease or otherwise.

"NSX" means Stock Exchange of Newcastle Limited (ABN 11 000 902 063).

"Offer Information Statement" means this Offer Information Statement as modified or varied by any supplementary Offer Information Statement made by the Company and lodged with ASIC from time to time.

"PDF Act" means the Pooled Development Funds Act 1992 (as amended).

"PDF" means a company licensed as a Pooled Development Fund pursuant to the PDF Act.

"Prospectus" means the prospectus lodged by the Company with ASIC on 5 August 2002.

"Shares" means ordinary shares to be issued and allotted pursuant to this Offer Information Statement.

"US\$" means the currency of the United States of America.

"Working Interest" means that percentage of expenditure in respect of operations in respect of any oil and gas tenement or operation required to be met by each party holding an interest in those tenements from time to time as derived by apportioning total expenditure in respect of such operations between those parties required to contribute to fund such operations pro rata their respective interests in the tenements from time to time but excluding any liability of the holders of overriding royalty interests to contribute in respect of the interests therein constituted by such overriding royalty interests.

CONSENTS

17. CONSENTS

17.1 Schlumberger Holditch-Reservoir Technologies Consulting Services

Schlumberger Holditch-Reservoir Technologies Consulting Services has given and not withdrawn its written consent to be named herein as an independent reservoir engineering consultant to the Company in the form and context in which it is so named. In addition, it has given and not withdrawn its written consent to the despatch of this document with references to its independent technical report contained in the Prospectus being included herein expressly or by inference herein in the form and context in which they are included. Schlumberger Holditch-Reservoir Technologies Consulting Services further consents to statements made in this Offer Information Statement which are stated to be based on statements by Schlumberger Holditch-Reservoir Technologies Consulting Services or which are stated to be based on extracts from its report in the Prospectus all being included herein in the form and context in which they are so included, referred to or contained. Schlumberger Holditch-Reservoir Technologies Consulting Services has had no involvement in the preparation of this document other than the inclusion of such statements and references and has not given any professional or other advice in respect of any other part of this document. Schlumberger Holditch-Reservoir Technologies Consulting Services does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this document.

Such consent is given on the express basis that such references and statements do not constitute any representation that the content of the report is other than as stated as at the date of the report and that the references to the report are for the purposes of enabling investors to refer to that report on the ASIC database for background information and on the basis that such report is not included in or deemed to be included in or incorporated into or form part of this Offer Information Statement.

17.2 George Ulmo

George Ulmo has given and not withdrawn his written consent to be named herein as an independent consulting geologist to the Company in the form and context in which he is so named. In addition, Mr Ulmo has given and not withdrawn his written consent to the despatch of this document with references to his report contained in the Prospectus being included herein expressly or by inference herein in the form and context in which it is included. Mr Ulmo further consents to statements made in this Offer Information Statement which are stated to be based on statements by him or which are stated to be based on extracts from his report in the Prospectus all being included herein in the form and context in which they are so included, referred to or contained.

Such consent is given on the express basis that such references and statements do not constitute any representation that the content of the report is other than as stated as at the date of the report and that the references to the report are for the purposes of enabling investors to refer to that report on the ASIC database for background information and on the basis that such report is not included in or deemed to be included in or incorporated into or form part of this Offer Information Statement.

Mr Ulmo has had no involvement in the preparation of this document other than the inclusion of his report and he has not given any professional or other advice in respect of any other part of this document. Mr Ulmo does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this document.

17.3 Ernst & Young

Ernst & Young has given and not withdrawn its written consent to:

- (a) being named as auditor of the Company in the Offer Information Statement in the form and context in which it is named;
- (b) the issue of the Offer Information Statement with its Independent Audit Report dated 19 February 2003 being included herein in the form and context in which it is included and with all references to that report in the Offer Information Statement

including the references in Sections 6 & 15 of the Offer Information Statement to Ernst & Young and financial information extracted therefrom being included herein in the form and the context in which those references are included.

- (c) being named as the independent taxation expert that provided the Company with the independent taxation report commencing at page 108 of the Prospectus. In addition, it has given and not withdrawn its written consent to the despatch of this document with references herein to that independent taxation report being included herein expressly or by inference herein in the form and context in which they are so included. Ernst & Young further consents to statements made in this Offer Information Statement which are stated to be based on statements by it or which are stated to be based on extracts from that independent taxation report all being included herein in the form and context in which they are so included, referred to or contained;

Ernst & Young:

- has only participated in the preparation of the Offer Information Statement to the extent of preparing its Independent Audit Report and the references herein to its independent taxation report commencing at page 108 of the Prospectus;
- has only authorised or caused the issue of those parts of the Offer Information Statement which contain its independent audit report and such references to its independent taxation report; and
- was not involved in the preparation of any other part of the Offer Information Statement and did not authorise or cause the issue of any other part of the Offer Information Statement.

Such consent is given on the express basis that such references and statements do not constitute any representation that the content of the report is other than as stated as at the date of the report and that the references to the report are for the purposes of enabling investors to refer to that report on the ASIC database for background information and on the basis that such report is not included in or deemed to be included in or incorporated into or form part of this Offer Information Statement.

Dr Ralph Kehle - Dr Kehle has given and not withdrawn his written consent to the inclusion in this Offer Information Statement of statements set out herein as being made by him in relation to the West Pine Ridge Project generally and, without limiting the generality thereof, the statements made in Section 3 with all such statements and references being made and included in relation to the West Pine Ridge Project in the form and context in which they are so included herein. Dr Kehle has had no involvement in the preparation of this document other than the inclusion of such statements and has not given any professional or other advice in respect of any other part of this document. Dr Kehle does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this document.

Salmon Giles Pty Ltd – Salmon Giles Pty Ltd has given and not withdrawn its written consent to be named in the Offer Information Statement as the Nominated Adviser to the Company required under the Listing Rules of the Stock Exchange of Newcastle Limited in the form and context in which it is so named. In addition, it has given and not withdrawn its written consent to the despatch of the Offer Information Statement with all references to it in such capacity being included in the Offer Information Statement in the form and context in which they are so included. Salmon Giles Pty Ltd does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this document.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company, whose names appear below and who authorised the issue of this Offer Information Statement, accept responsibility for the information contained in this Offer Information Statement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Offer Information Statement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offer Information Statement is dated the 20th day of February 2003.

Signed by Hamish Giles



Signed by David Gibbs by being signed by
Hamish Giles as his agent duly authorised in
writing



Signed by Andrew Grace by being signed by
Hamish Giles as his agent duly authorised in
writing



Signed by David Rose



CONCENTRATED CAPITAL LIMITED

ACN 087 730 667

Financial Report

for the year ended 31 December 2002

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Directors' Report

Your directors submit their report for the year ended 31 December 2002.

Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Hamish M Giles (LLB, BEC) **Chairman of Directors**

Mr Giles is founder and a director of a Melbourne based consultancy firm. Salmon Giles Pty Ltd offers strategic consultancy services in areas such as human resource management consulting, strategic industrial relations consulting, accounting and tax planning services, remuneration structuring and job evaluation, personal wealth and contingency services.

Mr Giles established Salmon Giles Pty Ltd 14 years ago after working with Arthur Andersen and McIntosh Securities. Mr Giles has qualifications in Law and Accounting and provides advice in relation to enterprise bargaining, innovative remuneration and incentive arrangements, business consulting and taxation planning. His clients include government, city councils, the health care industry and a wide range of private companies and high net worth individuals.

He is a founding director of HarvestRoad Limited and is Chairman of their Audit and Compliance Committee.

Mr Giles is Chairman of the Audit and Compliance Committee and Board Appointments Committee of the Company.

David F Gibbs **Non Executive Director (Appointed 18 April 2002)**

Mr Gibbs has extensive experience in all areas of property development, construction and management.

Mr Gibbs is the founder and Managing Director of ICR Property & Investment Group, a commercial and residential property development company, predominately operating in metropolitan Melbourne and regional Victoria. He has also developed a significant number of properties on his own behalf over the past 10 years.

Mr Gibbs previous experience includes 9 years as a real estate consultant in Melbourne specialising in sales of large commercial properties. He has consulted as master planner to a number of major public companies for shopping centres, fuel stations and distribution centres. He has also project managed a number of large industrial estates, automotive and bulky goods properties.

Mr Gibbs is Chairman of the Strategic Review and Operations Committee and a member of the Risk Management Committee.

Andrew M Grace (BA) **Non Executive Director (Appointed 18 April 2002)**

During recent years Andrew has primarily been an investor, an associate investor in the Grace Bros. retail family private company's and a consultant to a technology venture capital organisation. He has assisted in raising funds for public oil and gas companies in Australia and other unlisted entities and has had significant experience in foreign exchange transactions.

He has and continues to build a growing network of contacts in the private sector investment capital industry.

Directors' Report continued

Between 1997 and April 2000 Mr Grace was Managing Director of RMR Worldcom Pty Ltd ("RMR") and Tele2000 Corporation Pty Ltd ("Tele2000") which were involved in the sales and marketing of telecommunications and telephonic services. Under his management, RMR developed an extensive list of major public company clients, government departments and local councils. He was instrumental in Tele2000 building a client base of 45,000 customers with over 60 sales staff including representation and staff in all State capital cities. Tele2000 was sold as part of the float of Tele2000 Limited in May of 2000 in which he assisted in raising funds.

Prior to becoming involved with RMR and Tele2000 and between October 1994 and February 1997 Mr Grace was a production co-ordinator situated in the USA for production of commercials, music videos and films.

Mr Grace is Chairman of the Risk Management Committee and a member of the Strategic Review and Operations Committee and the Board Appointments Committee.

David R Rose Non Executive Director

Mr Rose is a professional investor with specific expertise in the manufacturing and oil and gas industry.

Previously, Mr Rose was a Director of Western Gulf Oil & Mining NL, a Company listed on the ASX that later became Ballarat Gold NL. Amongst other projects, Western Gulf was involved in the exploration for oil and gas in Texas during the 1980's. He was also a Director of John Foster Ltd, a worsted cloth manufacturer listed on ASX.

Mr Rose was Managing Director of a large Clothing, Hosiery and Sporting Goods Company for thirty years that was responsible for establishing Nike shoes and Le Coq Sportif clothing on the Australian market. He subsequently sold out to a large multi-national American Company.

Mr Rose is a member of the Audit and Compliance Committee and the Strategic Review and Operations Committee.

Retired Directors

David Bird - retired 18 April 2002 as a Director of the Company.

Graeme Menzies - retired 18 April 2002 as a Director of the Company.

Company Secretary

Stephen Danne - was appointed as Company Secretary on 18 April 2002.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Concentrated Capital Limited were:

	Ordinary Shares Fully Paid	Options over Ordinary Shares
	Number	Number
H.Giles	125,000	375,000
D.Gibbs	275,000	375,000
A.Grace	125,000	375,000
G.Menzies (resigned)	340,000	-
D.Bird (resigned)	25,000	-
David Rose	125,000	375,000
	1,015,000	1,500,000

CORPORATE INFORMATION

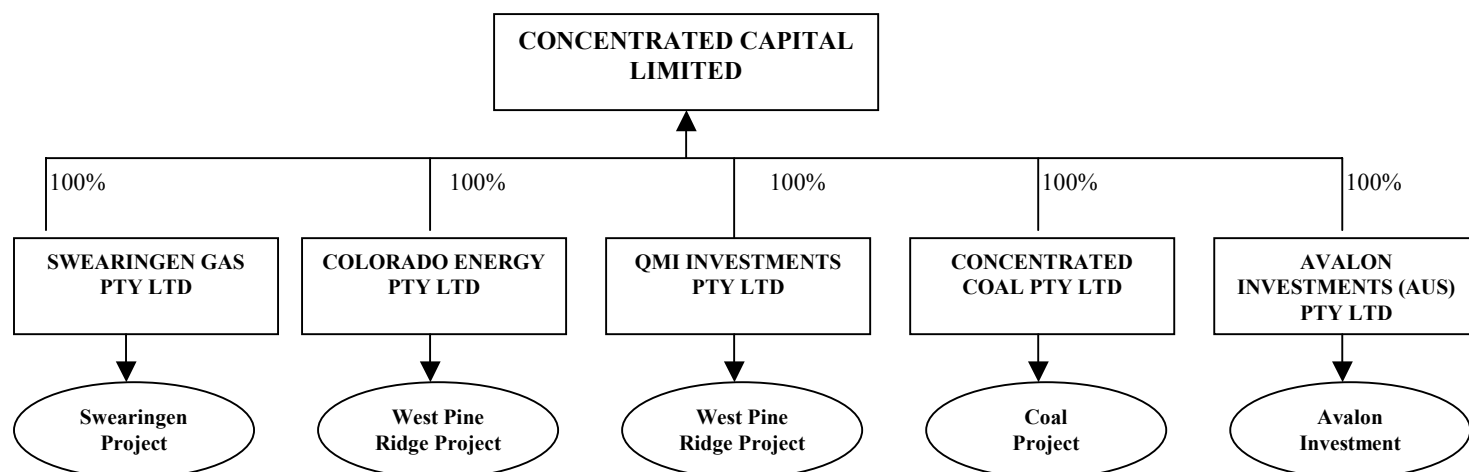
Corporate Structure of the Company and its subsidiaries

The Company has 5 wholly owned subsidiaries as follows:

- Swearingen Gas Pty Ltd (ACN 100 609 998);
- Colorado Energy Pty Ltd (ACN 100 609 952);
- Concentrated Coal Pty Ltd (ACN 099 939 027);
- QMI Investments Pty Ltd (ACN 099 936 875);
- Avalon Investments (Aus) Pty Ltd (ACN 103 074 102).

Each of those subsidiaries has been a wholly owned subsidiary from incorporation.

- QMI Investments Pty Ltd has farmed into the West Pine Ridge Project.
- Swearingen Gas Pty Ltd proposes to farm into the Swearingen Project.
- Colorado Energy Pty Ltd has farmed into the West Pine Ridge Project.
- Concentrated Coal Pty Ltd has made applications for the coal permits in the Surat in Queensland.
- Avalon Investments (Aus) Pty Ltd has made investments into the Avalon Oil Company Partnership.



Directors' Report continued

Nature of operations and principal activities

For the year ended 31 December 2002, the Company developed its Corporate Strategy and Business Plan which related to the issuing of a Prospectus dated 5 August 2002 in order to raise moneys to take advantage of highly prospective oil and gas opportunities in the United States of America and undertaking such investments.

Investments for Future Performance

The Company has appointed quality project management who are drilling alongside the Company in the West Pine Ridge Project thereby relieving the Company of any requirement for full time staff in the United States.

The other major project that the Company intends to drill is the Swearingen Project which has been stated by Schlumberger – one of the worlds largest engineering and geology companies, to contain probable reserves to 1.25 billion cubic feet (bcf) gas. Immediately underlying the highly probable reserves of gas is a known oil zone with a depth of approximately 20ft and below that a number of zones, which may contain multi stacked reservoirs.

After closing of the Prospectus, the Company transferred moneys in respect to the West Pine Ridge project subject to the authorized funding expenditure related to that project and undertook investments in the Avalon Oil Company Partnership.

Review of Financial Condition

The Company's financial position as at 31 December 2002 reflects expenditure incurred in issuing the Prospectus and in incurring expenses to allow the Company to participate in the West Pine Ridge Project and the Swearingen Project.

In light of the underwritten Prospectus issued 5 August 2002, the Company is in a financial position to undertake its obligations pursuant to the drilling programs and operating agreements that the Company proposes to enter into.

Capital Structure

The Company's capital presently comprises 9,835,000 ordinary shares as at 31 December 2002.

The capital may increase by up to a further 390,000 shares if the coal applications are granted and oil and gas permits are applied for and granted.

Risk Management

The Company takes a proactive approach to Risk Management. The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Company has established the following Committees in order to manage its risk:

- Audit & Compliance Committee
- Strategic Review & Operations Committee
- Board Appointments Committee
- Risk Management Committee

In addition, all directors have signed letters of appointment which reflect their personal obligations to deliver services to the Board of the Company.

Directors' Report continued

One of the key objectives to the Board is to ensure timely, transparent and accurate communication with all Shareholders and compliance with all regulatory requirements. To this effect, the Board has established the abovementioned Committees and these Committees are fully operational during the financial reporting year ending 31 December 2002.

Significant changes in the State of Affairs

On 4 July 2002, the Company converted to a public company limited by shares.

The Company entered into an underwriting agreement for A\$600,000 on 8 July 2002 to enable it to list on the Newcastle Stock Exchange.

D.Rose was appointed as a director of the Company on 19 July 2002 and was issued with options on the same basis as other directors.

The Company issued a Prospectus dated 5 August 2002 and raised A\$689,000 through the issuance of 6,890,000 shares.

The Company listed on the Newcastle Stock Exchange on 24 October 2002.

The Company raised A\$85,000 through the placement of 850,000 shares at \$0.10c with an attaching 1:5 free option exercisable at \$0.09c on or before 21 November 2003, on 10 December 2002.

Emoluments of directors of Concentrated Capital Limited

Details of the nature and amount of each element of the emolument of each director of the Company for the calendar year are as follows:

Name	Allotment of Shares		Base Fee	Estimated Value
	Number of Shares	\$		
Hamish Giles	*125,000	12,500	6,250	18,750
Andrew Grace	*125,000	12,500	6,250	18,750
David Gibbs	*125,000	12,500	6,250	18,750
David Rose (appointed 19/7/02)	**25,000	6,250	6,250	12,500
	400,000	\$43,750	\$25,000	\$68,750

* Shares were allotted to the directors for nil consideration. On the assumption the shares have a value equivalent to the issue price of \$0.10 as stated in the Prospectus dated 5 August 2002 the estimated value of these shares is \$12,500 each or \$37,500 in total.

** Shares allotted pursuant to a resolution carried at the Annual General Meeting of the Company held on 25 November 2002.

Corporate Governance

In recognising the need for the higher standards of corporate behaviour and accountability, the directors have adhered to the principles of corporate governance. The Committees established for the Company are fully outlined in the Prospectus dated 5 August 2002 and the Company adheres to ensuring timely, transparent and accurate communication with all Shareholders and compliance with all regulatory requirements.

Directors' Report continued

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Meetings of Committees			
		Audit & Compliance	Risk Management	Strategic Review & Operations	Board Appointments
Number of meetings held:	18	2	1	1	1
Number of meeting attended:					
H.Giles	17	2	-	-	1
D.Gibbs	16	-	1	1	-
A.Grace	16	2	1	1	1
D.Rose (appointed 19/7/02)	13	-			
D.Bird (resigned 18 April 2002)	2	-	-	-	-
G.Menzies (resigned 18 April 2002)	2	-	-	-	-

Committee membership

As at the date of this report, the Company had an Audit & Compliance Committee, a Risk Management Committee, a Strategic Review & Operations Committee, and a Board Appointments Committee with Board agreed charters all appointed as sub-Committees of the Board.

Members acting on the committees of the Board during the year or subsequently appointed were:

Audit & Compliance	Risk Management	Strategic Review & Operations	Board Appointments
H.Giles (Chairman)	A.Grace (Chairman)	D.Gibbs (Chairman)	H.Giles (Chairman)
D.Rose (19 July 2002)	D.Gibbs	D.Rose (19 July 2002)	A.Grace
S.Danne	S.Danne	A.Grace	
A.Grace (resigned 19 July 2002)		S.Danne	

Signed in accordance with a resolution of the directors.

.....
Hamish M Giles
Chairman

Signed this 19th day of February 2003

STATEMENT OF FINANCIAL PERFORMANCE**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED CAPITAL
		2002 \$	2002 \$
REVENUES FROM ORDINARY ACTIVITIES	2	2,293	2,293
Corporate and administrative expenses		62,850	57,757
Salaries and employee benefits expense		31,250	31,250
(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(94,100)	(89,007)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	3	-	-
(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(94,100)	(89,007)

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED
		2002	2002
		\$	\$
CURRENT ASSETS			
Cash assets		266,789	266,784
Receivables	4	28,234	429,580
TOTAL CURRENT ASSETS		295,023	696,364
NON-CURRENT ASSETS			
Other financial assets	6	-	5
Deferred exploration, evaluation and development costs	7	421,196	24,943
TOTAL NON-CURRENT ASSETS		421,196	24,948
TOTAL ASSETS		716,219	721,312
CURRENT LIABILITIES			
Payables	8	41,253	41,253
TOTAL CURRENT LIABILITIES		41,253	41,253
TOTAL LIABILITIES		41,253	41,253
NET ASSETS		674,966	680,059
EQUITY			
Contributed equity	9	787,297	787,297
Retained profits	10	(112,332)	(107,238)
TOTAL EQUITY		674,966	680,059

STATEMENT OF CASH FLOWS**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED
		2002	CAPITAL
		2002	2002
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		-	-
Payments to suppliers and employees		(178,122)	(176,929)
GST refund received		8,411	8,411
Interest received		2,293	2,293
Withholding tax paid		(9)	(9)
Deferred exploration, evaluation and development costs		(353,083)	(66)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	11	(520,510)	(166,300)
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
Advances to related parties		-	(354,215)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		-	(354,215)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Proceeds from issues of ordinary shares		787,297	787,297
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		787,297	787,297
NET INCREASE/(DECREASE) IN CASH HELD		266,787	266,782
Add opening cash brought forward		2	2
CLOSING CASH CARRIED FORWARD		266,789	266,784

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general-purpose financial report prepared for inclusion in an Offer Information Statement to be dated on or about 20 February 2003, relating to the Offer of 1,000,000 Shares at A\$0.50 each in Concentrated Capital Limited. The financial report has been prepared in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

The financial report has been prepared in accordance with the historical cost convention. The accounting policies adopted are consistent with those of the previous year.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Concentrated Capital Limited (the parent company) and all entities that Concentrated Capital Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

(c) Cash and cash equivalents

Cash on hand and in banks and short term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(d) Deferred exploration, evaluation and development costs

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Amortisation

Costs carried forward in relation to a producing area of interest will be amortised on a production output basis, over the economic life of the area, pending commencement of production.

(e) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

(f) Receivables

Trade receivables are carried at original invoice amounts less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Bad debts are written off as incurred.

NOTES CONTINUED

YEAR ENDED 31 DECEMBER 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(h) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(i) Comparative figures

Concentrated Capital was incorporated on 24 May 1999 with an issued capital of \$2. In the period between incorporation and 31 December 2001 the Company's activities were limited to:

- the successful application for licensing as a Pooled Development Fund;
- a share split (refer Note 9a); and
- the incurrance of formation costs and deferred exploration, evaluation and development costs totalling \$29,252.

Given the immaterial nature of these activities comparative figures have not been presented.

NOTES CONTINUED**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED
		2002	2002
		\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenues from non-operating activities			
Interest		2,293	2,293
Total revenues from non-operating activities		2,293	2,293
Total revenues from ordinary activities		2,293	2,293

3. INCOME TAX

No income tax is payable by the parent company or any subsidiary company within the consolidated entity as the companies are in a current tax loss position.

Income tax losses

The parent company has tax losses of \$89,056 at reporting date. The future income tax benefit arising from these tax losses has not been brought to account at reporting date, as realisation of the benefit is not regarded as virtually certain. As the parent company is a Pooled Development Fund, the rate at which it will pay tax will vary according to the nature of the income earned and as such the value of the future income tax benefit has not been quantified.

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

NOTES CONTINUED**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED
		2002	CAPITAL
		\$	2002
			\$
4. RECEIVABLES (CURRENT)			
Sundry debtors		28,234	23,663
Amounts other than trade debts receivable from related parties:			
Wholly-owned group – controlled entities		-	405,917
		28,234	429,580

Terms and conditions

Terms and conditions relating to the above financial instruments

(i) Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

	Notes	CONSOLIDATED	CONCENTRATED
		2002	CAPITAL
		\$	2002
			\$
5. OTHER FINANCIAL ASSETS (NON-CURRENT)			
<i>Investments as cost comprise:</i>			
Investments in subsidiaries		-	5
		-	5

NOTES CONTINUED**YEAR ENDED 31 DECEMBER 2002**

6. INTERESTS IN SUBSIDIARIES				
Name	Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment
		2002		2002
		%		\$
Concentrated Coal Pty Ltd	Australia	100		1
QMI Investments Pty Ltd	Australia	100		1
Swearingen Gas Pty Ltd	Australia	100		1
Colorado Energy Pty Ltd	Australia	100		1
Avalon Investments (Aus) Pty Ltd	Australia	100		1
		Notes	CONSOLIDATED	CONCENTRATED CAPITAL
			2002	2002
			\$	\$
7. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS				
Exploration, evaluation and development costs carried forward in respect of mining, oil and gas areas of interest				
Pre-production				
– exploration and evaluation phases				
			421,196	24,943
			421,196	24,943

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining, oil and gas areas to which the deferred costs relate. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

NOTES CONTINUED**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED
		2002	CAPITAL
		\$	2002
			\$
<hr/>			
8. PAYABLES			
Other creditors		41,253	41,253
		<hr/>	<hr/>
		41,253	41,253
		<hr/>	<hr/>
Aggregate amounts payable to related parties:			
Directors and director-related entities – director-related entity		2,451	2,451
		<hr/>	<hr/>
		2,451	2,451
		<hr/>	<hr/>

NOTES CONTINUED**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED
		2002	CAPITAL
		\$	2002
		\$	\$
9.CONTRIBUTED EQUITY			
(a) Issued and paid up capital			
Ordinary shares fully paid		787,297	787,297
		787,297	787,297

	Notes	CONSOLIDATED	CONCENTRATED
		2002	CAPITAL
		2002	2002
		Number of Shares	Number of Shares
		\$	\$
Beginning of the financial year	(i)	700,000	700,000
Issued during the year			
- public equity raising	(ii)	6,890,000	6,890,000
- less issue costs		- (129,955)	- (129,955)
- private equity raising	(iii)	2,245,000	2,245,000
End of the financial year		9,835,000	9,835,000
		787,297	787,297

- (i) On 1 June 2001, the 2 Shares on issue were split into 700,000 Shares, increasing Shares on issue by 699,998. No additional capital was raised in this transaction.
- (ii) On 5 August 2002 6,890,000 Shares were issued at A\$ 0.10c each to the general public. Capital of \$689,000 was raised.
- (iii) On 18 April 2002, 500,000 Shares were issued at A\$0.10 each in lieu of payment for services rendered totalling A\$50,000 in relation to controlled entities.
- On 30 September 2002, 105,000 Shares were issued at A\$0.10c each in lieu of payment for services rendered totalling A\$10,500 in relation to controlled entities.
- On 30 September 2002, 120,000 Shares were issued at A\$0.10c each in lieu of payment for services rendered totalling \$12,000 in relation to controlled entities.
- On 7 October 2002, 495,000 Shares were issued at A\$0.10c each in lieu of payment for services rendered totalling \$49,500 in relation to controlled entities.
- On 10 November 2002, 150,000 Shares were issued at A\$0.10c each in lieu of payment for services rendered totalling \$15,000 in relation to controlled entities.
- On 10 December 2002, 850,000 Shares were issued at A\$0.10c each by private placement. Capital of \$85,000 was raised.
- On 10 December 2002, 25,000 Shares were issued at A\$0.25c each in lieu of payment for services rendered totalling \$6,250 in relation to controlled entities.

NOTES CONTINUED

YEAR ENDED 31 DECEMBER 2002

9. CONTRIBUTED EQUITY (continued)

(b) Terms and conditions of contributed equity

Ordinary Shares

Ordinary Shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(c) Options

Employee Share Scheme

An employee share scheme has been established where directors, executives and certain members of staff of the consolidated entity are issued with options over the ordinary Shares of Concentrated Capital Limited. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of Concentrated Capital Limited. The options are issued for a term of 5 years and are exercisable on granting. The options cannot be transferred and will not be quoted on the Newcastle Stock Exchange. There are currently 4 directors and 1 executive eligible to participate.

Information with respect to the number of options granted under the employee share incentive scheme is as follows:

	2002		2001	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of year	-	-	-	-
- granted	1,895,000	0.16	-	-
- forfeited	-	-	-	-
- exercised	-	-	-	-
Balance at end of year	1,895,000	0.16	-	-
Exercisable at end of year	1,895,000	0.16	-	-

The following table summarises information about options outstanding and exercisable at 31 December 2002:

Option price	Options	Outstanding		Exercisable	
		Average option life	Average option price	Number of options	Average option price
\$0.09	170,000	1.0	0.09	170,000	0.09
\$0.10	575,000	5.0	0.10	575,000	0.10
\$0.20	1,150,000	5.0	0.20	1,150,000	0.20
Total	1,895,000	4.64	0.16	1,895,000	0.16

NOTES CONTINUED**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED 2002 \$	CONCENTRATED CAPITAL 2002 \$
10. RESERVES AND RETAINED PROFITS			
Retained profits			
Balance at the beginning of the year		(18,232)	(18,231)
(Loss) from ordinary activities		(94,100)	(89,007)
Balance at the end of the year		(112,332)	(107,238)
11. STATEMENT OF CASH FLOWS			
(a) Reconciliation of the net profit after tax to the net cash flows from operations			
Profit from ordinary activities after income tax expense		(94,100)	(89,007)
Changes in assets and liabilities			
(Increase)/decrease in deferred exploration, evaluation and development costs		(410,206)	(24,429)
(Increase)/Decrease in trade and other receivables		(8,633)	(60,343)
(Decrease)/Increase in trade and other creditors		9,075	20,633
(Decrease)/Increase in goods and services tax payable		(16,646)	(13,154)
Net cash flow from operating activities		(520,510)	(166,300)
(b) Reconciliation of cash			
Cash balance comprises:			
- Cash assets		266,789	266,784
Closing cash balance		266,789	266,784

NOTES CONTINUED**31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED
		2002	CAPITAL
		\$	2002
			\$
12. REMUNERATION OF DIRECTORS			
(a) Director's remuneration		-	-
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:		68,750	
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Concentrated Capital Limited, directly or indirectly, from the entity or any related party:			68,750
		2002	
		No	
The number of directors of Concentrated Capital Limited whose income (including superannuation contributions) falls within the following bands is:			
\$0 - \$9,999		-	
\$10,000 - \$19,999		4	
\$20,000 - \$29,999		-	

NOTES CONTINUED**YEAR ENDED 31 DECEMBER 2002**

	Notes	CONSOLIDATED	CONCENTRATED CAPITAL
		2002	2002
		\$	\$
13. AUDITORS' REMUNERATION			
Amounts received or due and receivable by Ernst & Young for:			
- an audit or review of the financial report of the entity and any other entity in the consolidated entity		4,000	4,000
- other services in relation to the entity and any other entity in the consolidated entity.		17,550	17,550
		21,550	21,550

NOTES CONTINUED

YEAR ENDED 31 DECEMBER 2002

14. RELATED PARTY DISCLOSURES

Directors

The Directors of Concentrated Capital Pty Ltd during the year were:

A.M. Grace (appointed 18/4/02)	H.M. Giles
D.F. Gibbs (appointed 18/4/02)	D.E. Bird (resigned 18/4/02)
G.A. Menzies (resigned 18/4/02)	D.R. Rose (appointed 19/7/02)

Director-related entity transactions

Services

Accounting services were provided by Salmon Giles Pty Ltd, of which Mr Hamish M Giles is the sole director, for an amount of \$37,175 (2001: \$ nil). At reporting date, \$1,400 (2001: \$ nil) formed part of other creditors.

Legal services were provided by Menzies & Partners, of which Mr Graeme Menzies is a partner, for an amount of \$81,920 (including re-imbursement of expenses incurred and disbursements): (2001: \$ nil). 740,000 Shares were issued to Mr Menzies at \$0.10 each in part payment thereof.

Equity instruments of directors

Interests at balance date

Interests in the equity instruments of Concentrated Capital Limited held by Directors of the reporting entity and their director-related entities:

	Ordinary Shares Fully Paid 2002 Number	Options over Ordinary Shares 2002 Number
H. Giles	125,000	375,000
D.Gibbs	275,000	375,000
A.Grace	125,000	375,000
D. Rose	125,000	375,000
G.Menzies (resigned 18/4/02)	340,000	-
D. Bird (resigned 18/4/02)	25,000	-
	1,015,000	1,500,000

Movements in directors' equity holdings

During the year, Mr G Menzies was issued 740,000 Shares in consideration of services provided and disbursements paid. A further 200,000 Shares were issued to a related party in consideration of reimbursement of other expenses.

During the year, Messrs Giles, Gibbs, Grace and Rose received 50% of their Director's remuneration by the issue of Shares.

There have been no other transactions concerning equity instruments during the year with Directors or their director related entities.

All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

NOTES CONTINUED

YEAR ENDED 31 DECEMBER 2002

15. SEGMENT REPORTING

The company is a Pooled Development Fund which is in the business of investing in small to medium sized Australian companies. These companies then invest in projects both in Australia and in the United States of America.

16. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Company's exposure to interest rate risk is considered to be negligible as all of its financial assets and financial liabilities are non-interest bearing.

Net Fair Values

All financial assets and financial liabilities have been recognised at balance date at their net fair values.

Credit Risk Exposures

The Company's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset, is the carrying amount of those assets in the Statement of Financial Position.

NOTES CONTINUED

YEAR ENDED 31 DECEMBER 2002

Director's Declaration

In accordance with a resolution of the directors of Concentrated Capital Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity give a true and fair view of the company's and consolidated entity's financial position as at 31 December 2002 and of their performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Hamish M Giles
Chairman

Melbourne, 19 February 2003

INDEPENDENT AUDIT REPORT

To the members of Concentrated Capital Limited

Scope

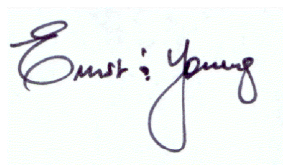
We have audited the financial report of Concentrated Capital Limited for the year ended 31 December 2002, as set out on pages 3 to 25, including the Directors' Declaration. The financial report includes the financial statements of Concentrated Capital Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report which has been prepared for inclusion in an Offer Information Statement to be dated on or about 20 February 2003, relating to the Offer of 1,000,000 Shares at A\$0.50 each in Concentrated Capital Limited. We have conducted an independent audit of the financial report in order to express an opinion on it for the purpose of the Offer Information Statement.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial report is presented fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of Concentrated Capital Limited at 31 December 2002 and the results of its operations and its cash flows for the year then ended.



Ernst & Young



Stuart Alford
Partner

Melbourne

Date: 19 February 2003

CONCENTRATED CAPITAL LIMITED: NSX Code: CCT

ACN: 087 730 667

Broker Code

Broker Reference Stamp Only

Adviser Code

APPLICATION FORM

This Application Form is important. This document is an Offer Information Statement under section 715 of the Corporations Act 2001 and is not a prospectus. It has a lower level of disclosure requirements than a prospectus and investors should obtain professional investment advice before accepting any offer or invitation to subscribe for shares contained herein. If you are in any doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. This Application Form must not be handed on unless it is attached to a copy of the Offer Information Statement.

OFFER CLOSES 20 MARCH 2003

A

Shares Applied for

No of Shares

Price per Share

B

Total Application amount

X **A \$ 0.50** **A \$**

Must be a minimum of 20,000 Shares

Applications for more than 20,000 Shares must be in multiples of 2,000 Shares

C

Write here the name(s) you wish to register the Shares in (see reverse for details)

Name of Applicant 1

Name of Applicant 2 or <Account Name>

Name of Applicant 3 or <Account Name>

D

Write here the postal address you wish to register the shares at

PO Box/ Street Number/Street Name

Suburb/Town

State

Post Code

E

CHESS HIN (if applicable)

F

Email Address (Optional)

X

G

Cheque payment details

Please fill out your cheque details and make your cheque payable to: Concentrated Capital Limited Share Offer.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Amount A\$
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

H

Telephone Number

Total Amount Enclosed \$

()

Guide to Completing the Application Form

- A** Enter the number of Shares you wish to apply for. The Application must be for a minimum of 20,000 Shares. Applications for greater than 20,000 Shares must be in multiples of 2,000 Shares.
- B** Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for by \$0.50 per share.
- C** Enter the full name you wish to appear on the holding statement for your Shares. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES sub register, enter your CHES HIN. Otherwise, leave the Section blank and on allotment, you will be sponsored by Concentrated Capital Limited and a Securityholder Reference Number (SRN) will be allocated to you.
- F** If you provide an email address, Concentrated Capital Limited will be able to inform you of NSX announcements at the time they are made.

Payment

- G** Make your cheque or bank draft payable to "Concentrated Capital Limited Share Offer" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The amount must agree with the amount shown in box "B".

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

Pin (do not staple) your cheque(s) to the Application Form where indicated.

- H** Enter your telephone number. This is not required but will assist us if there are any problems with your Application.

IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Correct forms of Registrable name

Note that **ONLY** legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficial or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

BEFORE COMPLETING THE APPLICATION FORM, APPLICANT(S) SHOULD READ THE OFFER INFORMATION STATEMENT DATED 20 FEBRUARY 2003 TO WHICH THE APPLICATION FORM RELATES. BY LODGING THE APPLICATION FORM, THE APPLICANT(S) AGREES THAT THIS APPLICATION FOR SECURITIES IN CONCENTRATED CAPITAL LIMITED IS UPON AND SUBJECT TO THE TERMS OF THE OFFER INFORMATION STATEMENT, AGREES TO TAKE ANY NUMBER OF SECURITIES THAT MAY BE ALLOTTED TO THE APPLICANT(S) PURSUANT TO THE OFFER INFORMATION STATEMENT AND DECLARES THAT ALL DETAILS AND STATEMENTS MADE ARE COMPLETE AND ACCURATE.

It is a term of issue of the Shares that the Board of Directors of Concentrated Capital Limited may surrender the Company's license under the Pooled Development Funds Act 1992 (as amended) at such time as the Board may resolve as stated in SUMMARY OF THE ISSUE in the Offer Information Statement which accompanies this application form

Lodgement of Applications

Return the Application Form with cheque(s) attached to:

Concentrated Capital Limited	or	Concentrated Capital Limited
Share Offer		Share Offer
Computershare Investor Services		Computershare Investor Services Pty
Limited		Pty Limited
GPO Box 52A		Level 12
MELBOURNE VIC 3001		565 Bourke Street
		MELBOURNE VIC 3000

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited no later than 5.00pm AEST on 20 March 2003.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual • Use given names, not initials	John Alfred Smith	A Smith
Company • Use company title, not abbreviations	ABC Pty Ltd	ABC P ABC Co
Trusts • Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family A/C>	Janet Smith Family Trust
Deceased Estates • Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships • Use partners' personal names, • Do not use the name of the partnership	John Smith & Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names • Use office bearer(s) personal name(s), • Do not use the name of clubs etc.	Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds • Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

- Put the name(s) of any joint applicant(s) and/or account description using <> as indicated above in designated space(s) on the Application.

CONCENTRATED CAPITAL LIMITED: NSX Code: CCT

ACN: 087 730 667

Broker Code

Broker Reference Stamp Only

Adviser Code

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Post Code

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CHESS HIN (if applicable)

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Email Address (Optional)

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<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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Total Amount Enclosed \$

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Limited		Pty Limited
GPO Box 52A		Level 12
MELBOURNE VIC 3001		565 Bourke Street
		MELBOURNE VIC 3000

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited no later than 5.00pm AEST on 20 March 2003.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual • Use given names, not initials	John Alfred Smith	A Smith
Company • Use company title, not abbreviations	ABC Pty Ltd	ABC P ABC Co
Trusts • Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family A/C>	Janet Smith Family Trust
Deceased Estates • Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships • Use partners' personal names, • Do not use the name of the partnership	John Smith & Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names • Use office bearer(s) personal name(s), • Do not use the name of clubs etc.	Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds • Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

- Put the name(s) of any joint applicant(s) and/or account description using <> as indicated above in designated space(s) on the Application.

CONCENTRATED CAPITAL LIMITED: NSX Code: CCT

ACN: 087 730 667

Broker Code

Broker Reference Stamp Only

Adviser Code

APPLICATION FORM

This Application Form is important. This document is an Offer Information Statement under section 715 of the Corporations Act 2001 and is not a prospectus. It has a lower level of disclosure requirements than a prospectus and investors should obtain professional investment advice before accepting any offer or invitation to subscribe for shares contained herein. If you are in any doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. This Application Form must not be handed on unless it is attached to a copy of the Offer Information Statement.

OFFER CLOSES 20 MARCH 2003

A

Shares Applied for

No of Shares

Price per Share

B

Total Application amount

X **A \$ 0.50** **A \$**

Must be a minimum of 20,000 Shares

Applications for more than 20,000 Shares must be in multiples of 2,000 Shares

C

Write here the name(s) you wish to register the Shares in (see reverse for details)

Name of Applicant 1

Name of Applicant 2 or <Account Name>

Name of Applicant 3 or <Account Name>

D

Write here the postal address you wish to register the shares at

PO Box/ Street Number/Street Name

Suburb/Town

State

Post Code

E

CHESS HIN (if applicable)

F

Email Address (Optional)

X

G

Cheque payment details

Please fill out your cheque details and make your cheque payable to: Concentrated Capital Limited Share Offer.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Amount A\$
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

H

Telephone Number

Total Amount Enclosed \$

()

Guide to Completing the Application Form

- A** Enter the number of Shares you wish to apply for. The Application must be for a minimum of 20,000 Shares. Applications for greater than 20,000 Shares must be in multiples of 2,000 Shares.
- B** Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for by \$0.50 per share.
- C** Enter the full name you wish to appear on the holding statement for your Shares. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.
- D** Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES sub register, enter your CHES HIN. Otherwise, leave the Section blank and on allotment, you will be sponsored by Concentrated Capital Limited and a Securityholder Reference Number (SRN) will be allocated to you.
- F** If you provide an email address, Concentrated Capital Limited will be able to inform you of NSX announcements at the time they are made.

Payment

- G** Make your cheque or bank draft payable to "Concentrated Capital Limited Share Offer" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The amount must agree with the amount shown in box "B".

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

Pin (do not staple) your cheque(s) to the Application Form where indicated.

- H** Enter your telephone number. This is not required but will assist us if there are any problems with your Application.

IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Correct forms of Registrable name

Note that **ONLY** legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficial or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

BEFORE COMPLETING THE APPLICATION FORM, APPLICANT(S) SHOULD READ THE OFFER INFORMATION STATEMENT DATED 20 FEBRUARY 2003 TO WHICH THE APPLICATION FORM RELATES. BY LODGING THE APPLICATION FORM, THE APPLICANT(S) AGREES THAT THIS APPLICATION FOR SECURITIES IN CONCENTRATED CAPITAL LIMITED IS UPON AND SUBJECT TO THE TERMS OF THE OFFER INFORMATION STATEMENT, AGREES TO TAKE ANY NUMBER OF SECURITIES THAT MAY BE ALLOTTED TO THE APPLICANT(S) PURSUANT TO THE OFFER INFORMATION STATEMENT AND DECLARES THAT ALL DETAILS AND STATEMENTS MADE ARE COMPLETE AND ACCURATE.

It is a term of issue of the Shares that the Board of Directors of Concentrated Capital Limited may surrender the Company's license under the Pooled Development Funds Act 1992 (as amended) at such time as the Board may resolve as stated in SUMMARY OF THE ISSUE in the Offer Information Statement which accompanies this application form

Lodgement of Applications

Return the Application Form with cheque(s) attached to:

Concentrated Capital Limited	or	Concentrated Capital Limited
Share Offer		Share Offer
Computershare Investor Services		Computershare Investor Services Pty
Limited		Pty Limited
GPO Box 52A		Level 12
MELBOURNE VIC 3001		565 Bourke Street
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