

SFE CIRCULAR

No: 189/2000

EXEMPT MARKET FOR SFE SHARES

Commencement date

The exempt market in SFE shares commences on 1 November 2000. Following receipt of regulatory approval, the Operator, Austock Management Limited, has advised that this is the date on which SFE shares will be listed on the exempt market. Trading will commence at 11.30am and bids and offers can be input to the trading system from 9.30am on that day.

The Operator: Austock Management Limited (“Austock Management”)

The market will operate pursuant to the Rules of the Austock Market and the Schedules thereto, which have been published on SFE’s website (www.sfe.com.au) under the heading ‘Shareholder Information’.

Persons who wish to register to trade SFE shares should:

- read the Rules of the Austock Market;
- understand the risks which are set out in the Risk Disclosure Statement (Schedule 3 to the Rules); and
- download a Form of Client Agreement (Schedule 4 to the Rules), and send the completed form to Austock Management.

Information about SFE already appears on SFE’s website, and reference may be made to the Information Memorandum for SFE’s demutualisation. An updated document to be entitled ‘SFE Disclosure Document’ will be published (also under the heading ‘Shareholder Information’) prior to 1 November 2000. These documents provide information about SFE’s business and financial position which is relevant for shareholders and prospective shareholders. SFE’s obligations to continuously inform the market of price sensitive information will be satisfied by announcements from SFE which will appear both on SFE’s website and on Austock Broker’s website (www.austock.com.au) in the future.

The completed Form of Client Agreement should be sent to:

Mr Lorenzo Petrero,
Austock Management Limited
Level 9, 350 Collins Street,
MELBOURNE VIC 3000
Phone : (03) 8601 2036
Fax : (03) 9670 0183
E-mail : smarkets@austock.com.au

(The form may be faxed in the first instance, and the original then forwarded by mail).

When the form is received, Austock Management will assign a client account number which is to be used in any future trading, and advise the client of that number.

Mr Petraro will also be available to answer any enquiries about the operation of the exempt market.

The Broker : Austock Brokers Pty Ltd (“Austock Brokers”)

Initially, trading in the shares on behalf of clients is restricted to one broker, Austock Brokers Pty Ltd. Both Austock Management and SFE are continuing their efforts to obtain regulatory approval for other brokers to be permitted to submit orders on behalf of clients. In the mean time, other brokers may, like anyone else, effect trades on their own account by submitting orders through Austock Brokers.

Once a client number has been assigned by Austock Management, as discussed on the previous page, orders may be transmitted to Austock Brokers by telephone/email/fax to: -

Ms Karen Bradley
Phone : 03 8601 2018
Fax : 03 9600 1138
Email : deal.kmb@austock.com.au

Should Ms Bradley’s phone be engaged, callers will be directed to, or should ask for, an SFE Adviser who will be able to assist them.

Investors or shareholders seeking advice on SFE shares should also contact Ms Bradley or another SFE Advisor, as above.

Market Information

Information on the market will be available on the Austock website. Market information includes volume and price statistics for bids, offers and sales. A research report will also be available on the website.

Disclosure of Substantial Shareholdings

The attention of existing SFE shareholders is drawn to the fact that, as from the commencement of the market, shareholders in SFE will be subject to the same obligations in relation to prompt disclosure of changes in substantial shareholdings as if SFE were listed on ASX. This is relevant to any corporate group with 5% or more of the shares in SFE.

If a person or corporate group comes to have more than 10% of the voting power in SFE, the shares conferring voting power in excess of 10% become ‘default shares’. The SFE Board has the power to require the disposal of these shares and voting rights relating to them would be suspended.

Cost Base of SFE Shares

For the information of those existing shareholders disposing of their SFE shares, it is envisaged that the determination of the cost base for capital gains tax purposes will be based on a weighted average of the first few weeks of trading in the exempt market. A further circular will be issued when the independent determination has been made. Further details of the capital gains tax issues were set out in the Information Memorandum for SFE's demutualisation.

BARBARA JONES
COMPANY SECRETARY

24 OCTOBER 2000