

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION SECTION 93AA ASIC ACT

The commitments in this Undertaking are offered to the Australian Securities & Investments Commission ("ASIC") by:

Salan Pty Ltd
ACN 052 291 791
Suite 4, 1st Floor
9 Bowman St
South Perth WA 6151

And

Hetty Esther Verolme
PO Box 8067
Stirling Street
Perth WA 6000

1. BACKGROUND

- 1.1 Hetty Esther Verolme ("Verolme") is managing director and a major shareholder of the company Salan Pty Ltd ("Salan").
- 1.2 During the period January 1998 to May 1999, Verolme raised funds for the benefit of Salan by advertising for equity partners in a weekly newspaper and other means. In total approximately \$465,000 was raised during this period from 17 investors, comprising 8 existing shareholders and 9 new investors.
- 1.3 On 2 July 1999, ASIC served on Salan a direction pursuant to CL s294(1) requiring Salan to produce to ASIC financial reports complying with the CL for the year ended 30 June 1999.
- 1.4 On 20 December 1999 the financial report (including consolidated financial statements), directors' report and auditor's report for Salan for the year ended 30 June 1999 were provided to ASIC. The auditor's report contained qualifications relating to the following:
 - insufficient financial records, books and documents of the Indonesian subsidiary, Pt Salan International Indonesia, and the auditor's consequent inability to verify the assets, liabilities, income or expenditure of that company;
 - the inability of the auditor to verify the value of loans to related parties, investments in related parties and investment in the controlled entity;

- the failure by Salan to disclose information regarding actual or contingent liabilities in respect of interest on shareholder loans and unpaid remuneration and expenses;
 - overstatement of intangible assets; and
 - the ability of Salan to continue as a going concern.
- 1.7 ASIC is of the view that the financial statements and notes to the financial statements are deficient in that they do not comply with the requirements of the CL and accounting standards and do not give a true and fair view of the financial position and performance of the company and the consolidated entity.
- 1.8 On 21 February 2000, ASIC commenced proceedings against Salan in the Supreme Court of Western Australia for orders that Salan lodge accounts in compliance with the requirements of the CL and accounting standards.
- 1.9 In order to resolve ASIC's concerns, Salan and Verolme have offered the undertakings which follow.

2. UNDERTAKINGS

- 2.1 Verolme undertakes that, from the date of this undertaking, she will not, either personally or by servants or agents, offer for subscription, or issue invitations to subscribe for:
- (a) any securities in Salan; and
 - (b) any other securities;
- in contravention of the CL.
- 2.2 Salan undertakes that for each financial year ending after 1 January 2000 until such time as it ceases to exist, it will prepare and lodge with ASIC audited general purpose financial reports in accordance with the CL, accounting standards and generally accepted accounting principles ("Accounts") within 4 months after the end of the financial year to which the Accounts relate.
- 2.3 Salan undertakes that it will provide copies of its Accounts each year to all shareholders within 10 days of the Accounts being lodged with ASIC.
- 2.4 Salan and Verolme undertake to provide all shareholders of Salan with a quarterly written update of the progress of all litigation in Indonesia to which Salan is a party, the first of which will be sent on 31 March 2000 and then every three months thereafter.

3. ACKNOWLEDGMENTS

3.1 Salan and Verolme acknowledge that ASIC:

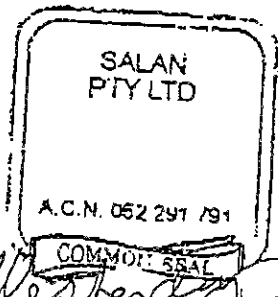
- (a) may issue a media release on execution of this undertaking referring to its terms and the concerns of ASIC which led to its execution;
- (b) may from time to time publicly refer to this undertaking; and
- (c) will make this undertaking available for public inspection.

3.2 Salan and Verolme acknowledge that this undertaking in no way derogates from the rights and remedies available to ASIC or any other person arising from any conduct described in this undertaking.

3.3 Salan and Verolme acknowledge that ASIC's acceptance of an enforceable undertaking does not affect ASIC's power to investigate a contravention arising from the conduct the subject of this undertaking or future conduct, or pursue a criminal prosecution, or its power to lay charges or seek a pecuniary civil order.

3.4 Salan and Verolme acknowledge that this undertaking has no operative force until accepted by ASIC.

The Common Seal of Salan Pty Ltd
ACN 052 291 791 was
affixed to this undertaking in the
presence of:



+ [Signature]
Director

[Signature]
Director/ Secretary

HETTY ESTHER VEROLME
Name (Print)

GERARDINA WESTENDORP
Name (Print)

Signed by Hetty Esther Verolme
in the presence of:

[Signature]
Signature
JAMES HARVEY STUART MACDONALD
Name (printed)

+ [Signature]
[Signature]
Address

This 16th day of March 2000.

ACCEPTED BY THE AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION PURSUANT TO ASIC ACT S93AA BY ITS DULY
AUTHORISED DELEGATE:



Jamie Ogilvie
Regional Commissioner
This 16th day of March 2000.