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19 January 2004

The Companies Announcements Office
Australian Stock Exchange Ltd
20 Bond Street
Sydney NSW 2000

Dear Sirs

APPOINTMENT OF MANAGING DIRECTOR, NON-EXECUTIVE CHAIRMAN AND CHANGES TO THE BOARD OF DIRECTORS

Sons of Gwalia Ltd. ("the Company") today announced the appointment of a new Managing Director and the proposed appointments of a Non-Executive Chairman and additional Non-Executive Directors.

APPOINTMENT OF MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Company today announced the appointment of Mr John Leever as Managing Director and Chief Executive Officer effective from 27 January 2004.

Mr Leever has had a long and successful career encompassing Chief Executive and senior management positions in diverse sectors and companies of varying size covering a range of industry products and services both within Australia and overseas.

Mr Leever held senior management positions with the Pioneer International Group, both in Australia and overseas, for over twenty-five years. These included the positions of Managing Director for Pioneer International's United Kingdom, Israeli and Italian companies.

The UK business of Pioneer International was the Pioneer Group's largest overseas investment at the time. The Company operated throughout the UK with over 200 production facilities, generating annual revenue of approximately \$500 million.

His last position at Pioneer was Chief General Manager of the Australian Building Products Group. This Group employed approximately one thousand personnel and was subsequently sold by Pioneer.

From 2000 to 2002, he was the Group Managing Director of PMP Print which was the largest division of PMP Ltd. PMP Print is the largest commercial print company in Australia and New Zealand with turnover, at that time, of over \$850 million employing over 3,000 people in both countries.

John Leever holds a Bachelor of Science degree from the University of Sydney, majoring in Geology, and has attended Advanced Management Programmes at the Wharton School at the University of Pennsylvania in the USA and the Henley Management College in the UK.

Mr Leever will re-locate from Sydney to Perth to take up his position at Gwalia.

APPOINTMENT OF FUTURE NON-EXECUTIVE CHAIRMAN

The Company today also announced the appointment of Mr Neil Hamilton as a Non-Executive Director of the Company. Mr Hamilton will subsequently assume the position of Non-Executive Chairman of the Company in April 2004.

Neil Hamilton has had a distinguished and successful career as a lawyer and businessman, both within Western Australian and inter-State, and is a highly experienced Chairman.

He holds a law degree from the University of Western Australia and was a partner in the Perth based law firm of Robinson Cox (now Clayton Utz) prior to his move to the business sector.

His current and past positions include:

- Deputy Chairman of Western Power Corporation which is Western Australia's State owned and sole Electricity Utility.
- Non-Executive Director of the Insurance Australia Group ("IAG") which is Australasia's leading general insurance group.
- Chairman of Iress Market Technology Ltd
- Chairman of Integrated Group Ltd.
- From 1988 to 1996 he was both a Director and Chairman of Challenge Bank Ltd. which was subsequently acquired by Westpac.

CHANGES TO THE BOARD OF DIRECTORS

Simultaneously with Mr Hamilton taking up the position of Non-Executive Chairman of the Company in April 2004, the existing Chairman, Mr Peter Lalor, and Mr Chris Lalor, an Executive Director of the Company, will retire from the Company they founded approximately twenty-two years ago.

In addition, at least two new Non-Executive Directors with appropriate skills are anticipated to be appointed between now and the appointment of Mr Hamilton to the Chair in April. The Board will then comprise a Non-Executive Chairman, the Managing Director and not less than four Non-Executive Directors.

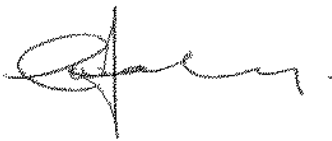
Gwalia's Chairman, Mr Peter Lalor, said: "Mr Leever's will bring a wealth of experience and strong business skills to the organisation. He has an excellent record of achievement in large businesses in Europe and Australia over a long period of time."

"Neil Hamilton's appointment to the Board of the Company, and eventual role as Chairman of the Board, will provide a highly experienced Chairman with strong business contacts and commercial skills encompassing a number of industries across Australia."

Mr Lalor also said "the appointments of Directors of the calibre of Neil Hamilton and John Leever's will provide the Company with both an orderly transition pending the retirement of myself and Chris Lalor and proven Board and management expertise to progress the Company's fortunes in the future".

Details of Mr John Leever's remuneration package are set out in the accompanying attachment.

Yours faithfully



Chris Foley
Company Secretary

Att

ADDITIONAL INFORMATION

KEY TERMS OF MR LEEVERS' REMUNERATION PACKAGE

The following conditions apply to Mr Leever's Remuneration Package:

Base Annual Salary	\$600,000
Superannuation	\$60,000
Total Fixed Annual Remuneration	<u>\$660,000</u>
Annual Car Allowance	<u>\$25,000</u>
Long Term Incentive	Three annual allocations of 150,000 options in the Sons of Gwalia Ltd's Executive Option Scheme

The longer term incentive is based on Sons of Gwalia Ltd's Executive Option Scheme which was announced to ASX on 6 January 2003. This requires two hurdles to be met to achieve 100% of the allocation. Firstly, 60% of the first allocation will vest subject to Total Shareholder Return growth of the Company meeting the Total Shareholder Return growth of the median companies in the ASX200. The remaining 40% of the first allocation of options will vest subject to the Company achieving the Total Shareholder Return growth of the 4th quartile of companies in the ASX200.

The first allocation of 150,000 options is to be made immediately with an exercise price of \$3.86. The allocation will be subject to ratification of shareholders at the next General Meeting of the Company

Terms of Contract

Initially, Mr Leever will be employed for a fixed term of three years from the commencement date of 27 January 2004. Subsequently his employment terms will be subject to a normal six month mutual notice period.

If Sons of Gwalia terminates Mr Leever's employment before the end of the term, he will be entitled to receive an amount equivalent to the Total Fixed Remuneration (TFR) he would have received as follows –

- 1 In the first year of the term variable amounts of between 6 and 9 months of TFR.
- 2 In the second and third year, 12 months TFR.

Should Mr Leever terminate prior to the end of the term, he will provide Sons of Gwalia with not less than six months' written notice.

Mr Leever's performance will be reviewed annually.