

Appendix 4D

FINAL REPORT HALF YEAR ENDED 31 DECEMBER 2003

(unless stated otherwise comparative period is half year ended 31 December 2002)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	\$A'000		
Revenues from ordinary activities	down	2%	to 265,600
Profit from ordinary activities after tax attributable to members	up	70%	to 12,230
Net profit for the period attributable to members	up	70%	to 12,230

Dividends	Amount per security	Franked amount per security
Final dividend – no final dividend has been paid	N/A	N/A
Interim dividend – no interim dividend has been declared	N/A	N/A
Record date for determining entitlements to the dividend	N/A	

The above results should be read in conjunction with the notes and commentary contained within this report and in conjunction with the most recent annual financial report. Where applicable comparatives have been restated to ensure appropriate comparisons can be made.

DIRECTOR'S REPORT

Your directors submit their report for the half-year ended 31 December 2003.

DIRECTORS

The names of the company's directors in office during the half-year ended 31 December 2003. Directors were in office for this entire period.

- Peter Kevin Lalor (Executive Chairman)
- Christopher John Lalor (Executive Director)
- Thomas Andrew Lang (Independent Non-Executive Director)
- Malcolm Ross Richmond (Independent Non-Executive Director)

On 19 January 2004, the Company announced to the Australian Stock Exchange the appointment of a Managing Director, a Chairman Elect and the structure of a new and expanded Board.

Mr John Leever was appointed Managing Director, effective 27 January 2004 and Mr Neil Hamilton was appointed to the Board as a Non-Executive Director. Mr Hamilton will assume the role of Non-Executive Chairman in April 2004 following the retirements at that date of Mr Peter Lalor, the current Executive Chairman, and Mr Chris Lalor, an Executive Director of the Company.

During the transition period, the Company will also appoint two additional Non-Executive Directors to the Board.

REVIEW OF OPERATIONS

OVERVIEW

The consolidated net operating profit after tax of the economic entity for the half-year ended 31 December 2003 was \$12.2 million (2002: \$7.2 million). This was a 70% increase over the corresponding period last year due to an improved performance from the Gold Division. An increase in ore grades and steadily improving unit costs led to an increase in the gold division's EBIT for this half-year.

The earnings from the Advanced Minerals division is significantly less than last half-year due primarily to slightly lower grades at Greenbushes as the mine is now predominantly operating in the lower grade central pegmatite area. Lower metallurgical recoveries were also experienced at the Wodgina mine due to changes in the mineralogical characteristics of the ore. Improved mine scheduling and mill adjustments will be employed to mitigate this issue as far as possible. The Murray Basin JV recorded an operating loss for the half-year, which contributed further to the reduction in earnings from the Minerals Division.

Revenues from ordinary activities were \$265.6 million, which was 2% below the same period last year. However, revenue from product sales alone were 4% above that of last year at \$262.8 million (2002: \$252.0 million). This has been achieved through higher attributable gold production and a consistent revenue profile from the advanced minerals division.

Earnings per share for the half year were 6.7 cps, a 59% increase over last year (2002: 4.2 cps).

Gold production for half year was 296,171 ounces at a reportable cash cost of \$416 per ounce. The average gold price recognised this half-year was \$595 per ounce, realising a cash margin of \$179 per ounce. The company is predicting a full year gold production range of 520,000 – 530,000 ounces at a cash cost of \$420 - \$435 per ounce. This is in line with original forecasts.

REVIEW OF OPERATIONS cont'd

Tantalum production for the half year was 1,097,440 lbs. Sales were 908,267 lbs in line with our existing contracts and reflect the normal seasonal variations within the year.

GOLD DIVISION

The economic entity's gold production for the half year totalled 296,171 ounces. This was achieved on attributable mill throughput of 4.9 million tonnes at an average grade of 1.98 g/t.

Leonora Region

Sons of Gwalia Mine

Production for the half year was 41,110 fine ounces.

Production exceeded budget and came mostly from the treatment of stockpiles from the Gwalia Open Pit. Production from the Gwalia underground was completed to a depth of 375 metres during the first quarter, with the mine placed on care and maintenance while the Gwalia Deeps review is completed. Processing operations were completed early in December 2003 and the plant has been placed on care and maintenance.

Tarmoola Operations

Gold production for the half year was 74,148 fine ounces.

This production was predominantly sourced from the Tarmoola North 5 North and North 5 South areas in the North Pit, with the oxide component of mill feed being sourced from the Jasper stockpiles. A minor slippage and increased instability in the eastern wall of the pit will require detailed investigation in relation to the potential for larger pit options.

The mill continues to perform well with year-to-date throughput at a rate of 3.76Mtpa.

Tarmoola Canyon Granites Drilling Program

Resource modelling and mine planning continued with the objective of optimising these resources into an economic plan and model. Additional drilling has recently been completed along the western flank of the Tarmoola North Pit. This targeted potential shallow gold mineralisation adjacent to and outside the present North Pit design. In addition, sixteen reverse circulation drill holes were completed to test for depth extensions below the current Tarmoola South Pit. These results will be combined with results of current drill programs and operational knowledge of recent north-east wall instability to determine the viability of a large scale open pit mining option at Tarmoola.

Please refer to the Company's December quarterly report for more information on the recent drilling results.

Gwalia Deeps

The development of Gwalia Deeps continues to be reviewed with the focus on extending the existing decline from its depth of 375 metres to the top of the Deeps (at approximately 1,000 metres) as the basis for future development.

REVIEW OF OPERATIONS cont'd

Completion of a scoping study suggests that on a preliminary basis, at current gold prices, the extension of the existing decline represents an economic alternative for the development of Gwalia Deeps. However, acceptable rates of return will require the delineation of increased ounces in the economic model. The existing resources are open at depth and are limited only by insufficient drill information. A geological and resource model review is also in progress and is providing encouragement for the consideration of extending the mineralisation a further 400 metres to a total depth of 2,000 metres by drilling from the surface.

Southern Cross Operations

Production for the half year was 96,852 fine ounces.

Marvel Loch

Open pit mining temporarily ceased in October following the completion of the contract for conventional open pit mining. Ore production recommenced in early January, utilising the in-wall ramp for ore haulage. Cooks Construction has been awarded the mining contract for the completion of the South Pit Extension and ore haulage through to late 2005.

Golden Pig Underground

Production and grades continue to exceed expectations with higher grades being mined from both development and production stopes. For the year to date the mine has produced an excellent 125,028 tonnes at 7.96 g/t of gold.

Cornishman Open Pit (51%)

Mining of Stage 4 (South end cut back) continued during the last quarter down to design depth (295 mRL). Ore grades were below expectations due to the discontinuous nature of shear zone related mineralisation. Mining is expected to be completed in February 2004 with stockpiles to be processed over the remainder of the financial year.

Marvel Loch Underground Development and South Pit Extension

Development of the South Pit Extension Ramp has progressed well with access to the base of the pit from the in-wall ramp established ready for production haulage. Work is also proceeding well on the North decline and will provide access for the drilling of the resources below Centre Pit and North Pit and for production access to the Sherwood and Undaunted lodes below North Pit.

At the Marvel Loch underground a major drilling program has commenced to delineate resources and reserves to 500 metres below surface. Drill access for the three rigs currently operating is from the newly developed North decline, beneath North Pit.

This drilling program is at an early stage and drilling of the primary targets (ie. the North and South Lodes) will take place as drill access becomes available.

South Laverton Region

Carosue Dam Operations

Production for the half year was 84,062 fine ounces.

Production was down on forecast as a result of a cut back of the Twin Peaks west wall as a consequence of geotechnical instability, a change in drill and blast contractors within the open pits and lower than forecast equipment productivities from multiple pits.

REVIEW OF OPERATIONS cont'd

Forecast production for the 2003-04 financial year remains at around 180,000 fine ounces.

Production for the half year was primarily from the Safari Bore and Twin Peaks open pits, supplemented with low grade stockpiles from the completed Karari and Luvironza pits.

Production for the March quarter will continue from the Safari Bore and Twin Peaks, with Deep South open pit beginning to produce late in the quarter.

Red October

Reverse circulation and diamond drilling was completed at Red October during the last quarter. High grade intersections included 1.5m @ 42.6g/t from a depth of 149 metres and 4.6m @ 16.3g/t at a depth of 198 metres.

The drilling increased geological confidence by confirming the continuity of high grade gold mineralisation and improving the understanding of the distribution of high grade shoots within the upper levels of the proposed underground mine. The drilling indicated slightly narrower zones of mineralisation than previously identified and more complex metallurgy. The drilling has provided core samples for further metallurgical test work.

The recent drilling and geological review has provided additional targets for further high grade shoots and these will be drilled in the March quarter.

ADVANCED MINERALS DIVISION

The Company's tantalum sales of 908,267 lbs for the half year were in line with its contractual arrangements and reflects normal seasonal variations in sales within the year. The Company still expects production and sales for the 2003/04 financial year to be approximately 2.2 million lbs and 2.1 million lbs respectively.

Greenbushes Mine

Greenbushes produced 519,085 lbs of Ta₂O₅, 303 tonnes of tin and 67,827 tonnes of lithium concentrates during the half year.

Tantalum and tin production were in line with budget. A feasibility study to reopen the underground mine in January 2005 was commenced. This would provide much higher grade ore, particularly given the forecast lower grade, higher cost ore, in the existing open cut mine.

The mine operated at close to full lithium production capacity as the market strength in this commodity continues.

Wodgina Mine

Wodgina produced 578,355 lbs of Ta₂O₅ during the half year. As mining proceeded in deeper parts of the Wodgina Pit changes in the mineralogical characteristics of the material mined were encountered. These changes will require improved mine scheduling and mill adjustments to mitigate adverse impact on metallurgical recovery in the future.

Murray Basin Minerals Sands Joint Venture (50%)

As previously mentioned the Murray Basin JV operated at a loss for the half-year ended 31 December 2003.

REVIEW OF OPERATIONS cont'd

Operations are winding down and will close at the completion of mining of the Wemen North ore body in January 2004. At the end of the calendar year there were approximately 22,000 tonnes of heavy mineral intermediate product stockpiled at Portland. This will be processed to final product in Bunbury during the March quarter of 2004.

CORPORATE

Capital Raising

The Company successfully raised \$63.6 million through the placement of 19 million shares at a price of \$3.35 per share.

Around 2.4 million shares were also issued through a Share Purchase Plan, which was also offered to shareholders at the same price as the placement.

The funds raised were applied to the repayment of existing Australian bilateral debt facilities, which have been maintained and will become available should they be required for future working capital purposes.

The placement represents a further step in the range of initiatives currently being undertaken by the Company, which are aimed at improving the performance of the key operating divisions and strengthening the Company's balance sheet.

Acquisition of the Aracuai high-grade tantalum project, Minas Gerais, Brazil

The Company has entered into an agreement to acquire an 80% interest in the Aracuai tantalum exploration project which is located 700 kilometres north of Rio de Janeiro. The Company's strategy is to assess the project over the next twelve months prior to making additional financial commitments to acquire the property.

The Aracuai project is potentially a significant strategic asset in the global tantalum industry.

The project comprises high grade tantalum tin mineralisation associated with multiple pegmatite dykes and stacked sheets within a regional batholith. The mineralisation is extensive, near surface and not dissimilar to the Wodgina style of mineralisation and has the potential for large tonnage, low cost open pit mining.

FINANCE

Operating Cashflow

During the half year ended 31 December 2003 the Company's operating cashflow and its closing reported cash balance were reduced by a sizeable decrease in its trade creditors balance.

Hedging

The Company's hedging policies with respect to gold and foreign exchange remain in place to secure the revenue streams for both the Gold and Minerals divisions through appropriately structured hedging instruments.

From time to time, opportunities will arise to simplify, better match or reduce the level of commitments as part of overall risk management strategy and practices.

REVIEW OF OPERATIONS cont'd

The half year continued to see reductions in both the gold and foreign exchange hedge books. Further information on the Company's hedging program is available on the Company's website at www.sog.com.au.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



P K Lalor
Executive Chairman

Perth, 18 February 2004

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

	Notes	CONSOLIDATED 31/12/03 \$A'000	CONSOLIDATED 31/12/02 \$A'000
Revenues from ordinary activities	2	265,600	270,464
Expenses from ordinary activities	2	(239,131)	(249,919)
Borrowing costs		(10,217)	(12,983)
Profit from ordinary activities before tax		16,252	7,562
Income tax expense on ordinary activities		(4,022)	(360)
Profit from ordinary activities after tax		12,230	7,202
Profit/(loss) from extraordinary items after tax		-	-
Net profit		12,230	7,202
Net profit attributable to outside equity interests		-	-
Net profit for the period attributable to members		12,230	7,202

Non-Owner Transaction Changes In Equity

Share issue expenses recognised in equity	(2,157)	-
Total changes in equity other than those resulting from transactions with owners as owners	10,073	7,202

Earnings Per Security (EPS)

	CONSOLIDATED 31/12/03	CONSOLIDATED 31/12/02
Basic EPS	\$0.067	\$0.042
Diluted EPS	\$0.067	\$0.042

The EPS for the previous corresponding period has been restated in accordance with the requirement of AASB 1027: "Earnings Per Share" to apply an adjustment factor to prior year EPS to reflect the impact of shares issued at a discount to market price in the current period.

CONDENSED STATEMENT OF FINANCIAL POSITION

	CONSOLIDATED 31/12/03 \$A'000	CONSOLIDATED 30/06/03 \$A'000
Current Assets		
- Cash assets	34,707	15,462
- Receivables	31,946	46,072
- Inventories	78,007	66,024
- Other	11,728	12,998
Total current assets	156,388	140,556
Non-Current Assets		
- Receivables	8,250	8,346
- Other financial assets	9,510	9,294
- Inventories	11,134	13,462
- Property, plant and equipment	221,125	218,382
- Exploration and evaluation expenditure capitalised	333,550	330,745
- Development properties	511,021	509,753
- Deferred tax assets	70,632	70,585
- Other	67,648	95,588
Total non-current assets	1,232,870	1,256,155
Total Assets	1,389,258	1,396,711
Current Liabilities		
- Payables	65,360	86,060
- Interest bearing liabilities	5,973	4,490
- Tax liabilities	-	764
- Provisions excluding tax liabilities	12,232	14,262
- Other	18,807	20,223
Total current liabilities	102,372	125,799
Non-Current Liabilities		
- Interest bearing liabilities	232,059	294,568
- Deferred tax liabilities	188,598	184,662
- Provisions excluding tax liabilities	21,093	17,826
- Other	116,861	127,437
Total non-current liabilities	558,611	624,493
Total Liabilities	660,983	750,292
Net Assets	728,275	646,419
Equity		
Contributed equity	558,355	488,729
Reserves	(44)	(44)
Retained profits	169,730	157,500
Equity attributable to members of the parent entity	728,041	646,185
Outside equity interests in controlled entities	234	234
Total Equity	728,275	646,419

CONDENSED STATEMENT OF CASH FLOWS

	CONSOLIDATED 31/12/03 \$A'000	CONSOLIDATED 31/12/02 \$A'000
Cash Flows Related to Operating Activities		
- Receipts from customers	260,899	247,819
- Payments to suppliers and employees	(224,665)	(248,035)
- Interest and other items of similar nature received	239	609
- Interest and other costs of finance paid	(10,518)	(13,183)
- Income taxes (paid)/refunded	(896)	5,109
- Other:		
. expenditure on exploration interests	(7,124)	(7,194)
. royalties paid	(7,028)	(6,622)
. other payments	(13)	(54)
Net operating cash flows	10,894	(21,551)
Cash Flows Related to Investing Activities		
- Payment for purchases of property, plant and equipment	(6,308)	(11,100)
- Proceeds from sale of property, plant and equipment	1,802	7,299
- Deferred settlement proceeds from the sale of controlled entities during 2002/03	3,782	-
- Proceeds from sale of equity investments	-	10,000
- Acquisition of mining & exploration properties	-	(3,549)
- Expenditure on mine development	(23,231)	(52,561)
- Other	(161)	-
Net investing cash flows	(24,116)	(49,911)
Cash Flows Related to Financing Activities		
- Proceeds from issues of securities (net of costs)	69,626	-
- Proceeds from borrowings	-	56,667
- Repayment of borrowings	(35,200)	(15,000)
- Dividends paid	-	(9,673)
- Other:		
. lease principal repayments	(720)	(3,903)
. premium paid for hedge book restructure	(1,239)	(2,340)
Net financing cash flows	32,467	25,751
Net increase/(decrease) in cash held	19,245	(45,711)
Cash at beginning of period	15,462	70,241
Cash at end of period	34,707	24,530

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

1) BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Sons of Gwalia Ltd as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Sons of Gwalia Ltd and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a) Basis of Accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared in accordance with the historical cost convention.

2) PROFIT FROM ORDINARY ACTIVITIES

	CONSOLIDATED 31/12/03 \$A'000	CONSOLIDATED 31/12/02 \$A'000
Revenue and Expenses from Ordinary Activities		
Revenue from product sales	262,825	252,024
Other revenues from ordinary activities:		
- Interest revenue	239	609
- Proceeds on sale of non-current assets	1,801	17,299
- Gain from management of hedge contracts	735	414
- Other	-	118
Total other revenues from ordinary activities	2,755	18,440
Revenues from ordinary activities	265,600	270,464
Details of relevant expenses:		
- Cash cost of production	179,438	175,631
- Selling expenses	4,588	4,888
- Royalties paid	7,028	6,622
- Administration expenses	9,662	10,997
- Exploration expensed	3,986	4,000
- Carrying value of non-current assets sold	874	9,441
- Provision for rehabilitation	1,536	1,545
- Other	2,854	5,486
	209,966	218,610
Depreciation and Amortisation expenses		
Depreciation of non current assets	6,787	5,591
Amortisation of non current assets	22,378	25,718
	29,165	31,309
Expenses from Ordinary Activities	239,131	249,919
Capitalised Outlays		
Interest costs capitalised in asset values	-	986

3) DIVIDENDS

Date the dividend is payable

N/A

Amount per Security

Final dividend: Current year
Previous year
Interim dividend: Current year
Previous year

Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
N/A	N/A	N/A
-¢	-¢	-¢
-¢	-¢	-¢
N/A	N/A	N/A

Total Dividend per Security (interim plus final)

Ordinary securities

FY 2003/04	FY 2002/03
-¢	-¢

Interim Dividend On All Securities

Ordinary securities

31/12/03 \$A'000	31/12/02 \$A'000
-	-

The dividend plans shown below are in operation.

Dividend Reinvestment Plan and Share Investment Plan
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The last date for receipt of election notices for the dividend plans

N/A

4) JOINT VENTURE ENTITIES AND ASSOCIATES

The economic entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit/(loss)	
	31/12/03 %	31/12/02 %	31/12/03 \$A'000	31/12/02 \$A'000
Joint Venture Entities & Associates				
Murray Basin Joint Venture ⁽ⁱ⁾	50	50	(2,898)	(851)
Murray Basin Titanium Pty Ltd ⁽ⁱ⁾	50	50	-	-
Mines d'Or Salsigne ⁽ⁱ⁾	50	50	-	-
Total			(2,898)	(851)

i) Equity accounting has not been applied, as the results are not materially different from the actual results reflected in the Company's consolidated accounts.

5) ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Category of Securities	Total number	Number quoted	Issue price per security	Amount paid up per security
Ordinary securities				
Issued Capital at 30 June 2003	166,757,188	166,757,188		
<u>Add</u> Increases through issues	21,427,750	21,427,750	\$3.35	\$3.35
Issued Capital at 31 December 2003	188,184,938	188,184,938		
Options			Exercise price	Expiry date
Options outstanding at 30 June 2003	800,000	-	\$7.57	14/11/06
<u>Less</u> Lapsed during current period	150,000	-	\$7.57	14/11/06
Options outstanding at 31 December 2003	650,000	-	\$7.57	14/11/06

6) CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

7) SUBSEQUENT EVENTS

- a) On 19 January 2004 Mr Neil Hamilton was appointed as a non-executive director of the Company.
- b) On 27 January 2004 Mr John Leever was appointed as Managing Director of the Company.
- c) On 3 February 2004 the Company announced the execution of the Merger Implementation Agreement ("Merger") by BeMax Resources NL ("BeMax"), Nissho Iwai Corporation ("NIC") and Sons of Gwalia Ltd ("SGW"). Under the Merger, the RZM Cable Sands Group of companies (100% owned by NIC) and 100% of the Murray Basin Titanium Joint Venture (50% owned by NIC and 50% by SGW) will become wholly owned by BeMax. On completion of the merger SGW will have a 15.4% interest in BeMax.

8) CONTROLLED GAINED OR LOST OVER ENTITIES HAVING MATERIAL EFFECT

There were no material entities over which control was gained or lost by the consolidated entity during the current period.

9) TAX CONSOLIDATIONS

At the date of signing the half-yearly financial report, Sons of Gwalia is continuing to analyse both the financial impact of, and the most appropriate date to, enter into the tax consolidation regime. Due to this ongoing analysis, the potential impact of resetting the tax values of the assets and liabilities of wholly-owned subsidiaries upon the formation of a tax consolidated group has not yet been reliably estimated, and therefore has not been recognised in the half-yearly financial report.

It is expected that any impact realised by the Sons of Gwalia group upon entry into the tax consolidations regime will be reflected in the financial report for the year ended 30 June 2004. The date of entry into the regime is likely to be determined at the time the head company lodges its 2003 income tax return.

10) SEGMENT REPORTING

INDUSTRIAL SEGMENTS

	Gold Division		Minerals Division		Corporate		Consolidated	
	31/12/03 \$'000	31/12/02 \$'000	31/12/03 \$'000	31/12/02 \$'000	31/12/03 \$'000	31/12/02 \$'000	31/12/03 \$'000	31/12/02 \$'000
Sales to customers	176,223	162,331	86,602	89,693	-	-	262,825	252,024
Other revenue	-	-	-	-	2,745	18,440	2,745	18,440
Total revenue	176,223	162,331	86,602	89,693	2,745	18,440	265,600	270,464
Segment results before tax	18,401	(912)	21,459	28,175	(23,608)	(19,701)	16,252	7,562
Income tax expense							(4,022)	(360)
Net profit after tax							12,230	7,202
Depreciation and amortisation (*)	23,005	25,906	3,678	3,424	2,482	1,979	29,165	31,309

(*) Depreciation and amortisation are included in the segment results before tax.

GEOGRAPHICAL SEGMENTS

The Company operates principally in Australia.

11) COMPLIANCE STATEMENT

This report is based on accounts that have been subject to review. An unqualified review report has been issued on the financial report.

Signed



C W Foley
Company Secretary

Perth, 18 February 2004

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Sons of Gwalia Ltd, I state that:

In the opinion of the Directors:

- a) the financial statements and notes of the consolidated entity:
 - i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity; and
 - ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; 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



P K Lalor
Executive Chairman

Perth, 18 February 2004

INDEPENDENT REVIEW REPORT

To the members of Sons of Gwalia Ltd

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements, the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules, and the directors' declaration for Sons of Gwalia Limited (the company) and the consolidated entity for the 6 months ended 31 December 2003, but excludes the following sections:

- Results for Announcement to the Market;
- Director's Report; and
- Review of Operations.

The consolidated entity comprises both the company and the entities it controlled during that 6 months.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*, and the ASX Listing Rules as they relate to Appendix 4D. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules as they relate to the Appendix 4D, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, as defined in the scope section of Sons of Gwalia is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Sons of Gwalia Limited and the consolidated entity at 31 December 2003 and of their performance for the 6 months ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia and the ASX Listing Rules as they relate to Appendix 4D.

Cement + Tony

Ernst & Young

V. W. Tidy

V W Tidy
Partner
Perth, 18 February 2004