29 October, 2003
1281:cd

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

Sent via ASX Online

Dear Sir

Please find attached a joint release made today by Bemax Resources NL, Nissho Iwai and Sons of Gwalla Ltd ("the Company") regarding the creation of a major new Australian mineral sands company.

The merger of these assets will generate significant synergies and effectively rationalises the resource base in the northern part of the Murray Basin region.

The Company will hold a significant share holding in the merged group which will have a significant presence in the global mineral sands industry.

For further information please contact David Paull or Stephen Thomas of this office on (08) 9263 5555.

Yours faithfully

[Signature]

Stephen Pearce
Company Secretary

Att
BeMaX, NISSHO IWAI & SONS OF GWALIA
TO MERGE THEIR MINERAL SANDS INTERESTS TO FORM A
MAJOR NEW AUSTRALIAN MINERAL SANDS COMPANY

BeMaX Resources NL ("BeMaX") (ASX: BMX), Nissho Iwai Corporation and Sons of Gwalia Ltd
("SGW") (ASX: SGW) today signed a Heads of Agreement to merge their Australian mineral sands
assets to form a major new Australian titanium dioxide ("TiO₂") feedstock producer.

BeMaX, which owns 100% of the Pooncarie Mineral Sands Project in the Murray Basin, will be the
publicly listed entity for the combined assets. Under the merger, the RZM Cable Sands group of
companies (100% owned by Nissho Iwai) and 100% of the Murray Basin Titanium Joint Venture
("MBT") interests (50% owned by Nissho Iwai and 50% by SGW) will become wholly owned by
BeMaX.

The merger agreement will be subject to certain regulatory approvals (including Foreign Investment
Review Board (FIRB)). Other merger conditions include due diligence by all parties, as well as the
usual prescribed occurrences and material adverse change conditions.

The transaction will create a significant new industry leader in the mineral sands industry consolidating
established operations in Western Australia, 100% of the MBT and Pooncarie Projects in the Murray
Basin and an extensive exploration and ore resource base.

The merged company will have a significant depth of expertise in the development and operation of
mineral sands projects, with a strong production base and will be the third largest producer of TiO₂
feedstock in Australia accounting for 11% of the global traded ilmenite market and 3.5% of global
TiO₂. With the development of the Pooncarie Project, these will increase in 2005 to approximately
16% and 6% respectively.

Combined production from existing operations in Western Australia and Murray Basin is in excess of
350,000 tonnes per annum of heavy mineral concentrate (HMC). The new developments underway in
WA (the Tutunup and Ludlow Projects) and scheduled in the Murray Basin (the Pooncarie Project
comprising the Ginkgo and Snapper deposits) are forecast to increase production to 900,000 tonnes per
annum in 2005.

The merged group will have a commanding position in the strategically located Murray Basin, regarded
as a world-class emerging mineral sands province. The combined resource base of the group (Murray
Basin and WA) will be in excess of 70 million tonnes of contained heavy minerals.

The merged group will be able to leverage off synergies created by combining the various operations
and personnel into one organisation to significantly reduce the capital cost of the large scale Pooncarie
Project development, including benefiting from established infrastructure at the nearby MBT Wemen
operations.
The transaction will be satisfied by a combination of cash and the issue of new shares in BeMaX to Nissho Iwai and Sons of Gwalia. Under the agreement:

- the RZM Cable Sands group of companies will become wholly owned subsidiaries of BeMaX and BeMaX will acquire 100% of the MBT mineral sands business;
- BeMaX will issue shares to Nissho Iwai which will result in it owning a 20.3% interest in the share capital of BeMaX;
- BeMax will issue shares to Sons of Gwalia giving it a further 7.6% interest in the share capital of BeMaX taking its holding to 15.36% in the merged group.

Additional considerations include:

- Deferred payments of A$4.2 million to Nissho Iwai and A$2.16 million to Sons of Gwalia subject to adjustments resulting from final due diligence expected to be completed in early December 2003 payable in cash or shares by September 2004
- The receipt by Nissho Iwai of A$30 million on Completion and issue of a secured note of A$10.5 million (payable 2 years from Completion) leaving BeMaX with an increase in working capital of A$40 million.
- The receipt by Sons of Gwalia of its 50% share of Murray Basin Titanium working capital.

BeMaX is in discussion with several banks with regard to the funding of the initial A$30 million payment.

On completion of the merger, the major shareholders of BeMaX will be:

<table>
<thead>
<tr>
<th>Name</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cristal Australia Pty Ltd</td>
<td>26.99%</td>
</tr>
<tr>
<td>(a wholly owned subsidiary of The National Titanium Dioxide Co Ltd)</td>
<td></td>
</tr>
<tr>
<td>Nissho Iwai</td>
<td>20.30%</td>
</tr>
<tr>
<td>Sons of Gwalia</td>
<td>15.36%</td>
</tr>
<tr>
<td>Imperial One Limited</td>
<td>6.36%</td>
</tr>
<tr>
<td>Other existing BeMaX shareholders</td>
<td>30.99%</td>
</tr>
</tbody>
</table>

An attachment provides additional information on the assets and merger partners.

Key benefits of the merger include the creation of a substantial mineral sands group with:

- a significant market capitalisation, strong balance sheet and the ability to access international capital markets;
- a strong existing production base across a diverse portfolio of operations;
- the ability to accelerate development of the Pooncarie Project, one of the most significant new mineral sands projects in the world, at a significantly reduced capital cost through the use of the existing assets and infrastructure;
- the ability to take advantage of other development opportunities in Australia's Murray Basin with control of a world-class resource base exceeding 70 million tonnes of contained heavy mineral;
- increased productivity and reduced operating costs through combined synergies; and
- a significantly enhanced marketing position in the global mineral sands industry through increased production.

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1 Cristal, also holds 50 million options which enable it to increase its percentage to 32.5%.  

2
The merged company will also be well placed to take advantage of strong medium to long-term outlook for TiO₂ feedstock demand, which is closely linked to world GDP growth. Respected industry analysts, TZ Minerals International Pty Ltd (TZMI) have forecast 2.8% demand growth for titanium minerals in 2003, with similar growth forecast for the following two years and increasing to an average annual growth rate of 3% for the period 2006-2010.

The Murray Basin in particular is expected to emerge as a very significant mineral sands province in the next few years as production from established regions declines.

Approval is required from BeMaX shareholders and a meeting to vote on the proposed transaction will be scheduled at the earliest practical time, currently expected to be early 2004. BeMaX will appoint an independent expert to consider the transactions. BeMaX’s largest shareholder, Cristal, has indicated strong support for the merger.

Full details of the transaction will be forwarded to BeMaX shareholders in due course and, assuming the appropriate approvals are received, the transaction is expected to be completed in the March 2004 quarter.

For further information please contact:

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NM Rothschild & Sons
Financial Advisor to Nissho Iwai Corporation
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About RZM Cable Sands

Nissho Iwai acquired 100% of the Cable Sands operations in 1990. Cable Sands became Western Australia’s first titanium minerals producer in 1956 when the company started mining ilmenite at Bunbury. The current operations comprise:

- various dredge mining and dry mining operations in Western Australia and Victoria;
- a dry mineral separation plant at Bunbury in close proximity (approximately 2km) to port loading and storage facilities, with a nameplate capacity in excess of 700,000tpa of HMC;
- the Tutunup operation the development of which is underway with production equipment currently being located on site and production scheduled to commence in last quarter 2003;
- the Ludlow project which has recently received approval and the development is progressing with production scheduled to commence in first quarter 2004; and
- a portfolio of other development opportunities which are expected to extend the life of the Cable Sands operations through to at least 2010.

RZM Cable Sands is currently the 3rd largest producer of ilmenite in Australia producing 11% of the global traded ilmenite market.

About MBT

MBT is jointly owned by Nissho Iwai and Sons of Gwalia. The MBT joint venture operates the Wemen Project in the Murray Basin, a relatively small scale operation with capacity to produce up to 114,000tpa HMC. Exploration activities in the Murray Basin on MBT tenements have increased the contained heavy mineral resource within the MBT project area from 5 million tonnes to approximately 21 million tonnes. The recent discovery of the Ouyen prospect has added a significant quantity of heavy mineral resource to MBT’s resource inventory.

About BeMaX

BeMaX Resources NL is an emerging Australian mineral sands company which is listed on the Australian Stock Exchange. BeMaX is developing the large scale 100%-owned Pooncarie project located in the northern Murray Basin.

The Pooncarie Project comprises initially the development of the Ginkgo deposit followed by the nearby Snapper deposit with the combined projects expected to generate a revenue stream of over AS2 billion over a 22-25 year project life.

BeMaX has completed sales contracts with the US-based global titanium pigment giant E.I. du Pont de Nemours & Co Inc (Du Pont) covering the full output of ilmenite, leucoxene and zircon to be produced at Pooncarie. In addition, the National Titanium Dioxide Company Ltd (Cristal) of Saudi Arabia has signed off-take agreements covering a significant proportion of the planned annual rutile production from the project.

Cristal, a privately owned group which is the leading producer of titanium pigment in the Middle East Region, is BeMaX’s largest shareholder.

BeMaX also controls over 40 million tonnes of contained heavy mineral within various tenements in the Murray Basin, representing a significant future development opportunity.

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2 Source: Cable RZM, Global Mining Research, AME Mineral Economies