



REPORT ON ACTIVITIES For The Quarter Ended 31 December 2003

HIGHLIGHTS



BOARD AND MANAGEMENT CHANGES

- The Company announced on 19 January 2004 the appointment of a new Managing Director, a Chairman Elect and changes to the make-up of the Board.

GOLD

- Gold production for the quarter was 140,110 fine ounces with production for the first half of 296,171 ounces.
- Gold production during the second half of the year is expected to be 230,000-240,000 ounces with production for the full year therefore within the forecast target range of 520,000-530,000 ounces. Second half production will be lower due primarily to the closure of the Sons of Gwalia Mine.
- Gold cash costs for the quarter of \$418 per ounce, averaging \$416 per ounce for the first half.
- Full year annual cash cost of \$420-\$435 per ounce, as originally forecast.
- Average sale price received for the quarter was \$595 realising a cash margin of \$177 per ounce.

ADVANCED MINERALS

- Tantalum production for the quarter of 560,821 lbs.
- Quarterly tantalum contracted sales of 500,240 lbs, in line with existing contracts.

EXPLORATION AND RESOURCE DEVELOPMENT

- Underground drilling at Marvel Loch commenced late in the December quarter. Early drilling results from below the Centre Pit were encouraging, including 25.9m @ 5.03g/t and 45.3m @ 2.84g/t.
- Tarmoola drilling programme provides further encouraging results including 23m @ 15.8g/t gold and 11m @ 12.4g/t gold.
- Drilling adjacent to the Wodgina pit has encountered significant shallow high-grade tantalum mineralisation with intersections of 53m @ 719g/t Ta₂O₅, 10m @ 950g/t Ta₂O₅, 6m @ 2351g/t Ta₂O₅ and 8m @ 1392g/t Ta₂O₅.

CORPORATE

- **Completion of successful capital raising of \$69 million through placement of 19 million shares at a price of \$3.35 per share and proceeds from a share purchase plan.**
- **Signing of a Heads of Agreement to form a new Australian titanium dioxide feedstock producer.**
- **The Company is reviewing its land holding in Western Australia for the potential of nickel sulphide mineralisation.**
- **The acquisition of an attractive tantalum exploration project in Brazil (“Aracuai”).**

EXECUTIVE CHAIRMAN'S COMMENTS

The December 2003 quarter resulted in a continuation of gold production meeting forecast targets both for production and costs. Production and sales of tantalum also met operational and sales targets with increased sales of lithium forecast for the full year.

Gold production for the quarter was 140,110 ounces and was produced at a cash cost of A\$418 per ounce. This resulted in the first half cash cost of production being A\$416 per ounce, which was in line with the Company's expectations. Full year cash costs are still estimated to be in line with the original forecast of \$420-\$435 per ounce.

Geotechnical issues at the Tarmoola operation and variable metallurgical recoveries from the Wodgina Tantalum Mine will require ongoing review and attention in the future.

During the quarter, the Company continued to reduce the size of its gold and foreign exchange hedge books. The increase in the value of the Australian dollar as against the US dollar suggests that a large number of contingent positions held by the Company to deliver US dollars in the future may not exist. To a degree, the potential exposure to the A\$ exchange rate in the 2004-05 year from this is negated by put options that the Company owns at around 0.70c.

In terms of exploration, the Company has major drilling programmes currently taking place with results expected in the March quarter. Some early results from the Marvel Loch underground drilling were encouraging as were those from the ongoing drilling program at the Tarmoola Mine.

Drilling adjacent to the existing Wodgina Open Pit also encountered significant shallow high grade tantalum mineralisation.

The Company holds nickel projects and large ground positions which have significant potential for nickel mineralisation. The Company is currently conducting detailed reviews of these assets and their potential given the strong nickel price and near term outlook. A drilling programme at the Coglia Well lateritic nickel project is in progress and the Company's objective is to form a view as soon as possible as to how best to optimise the value of the Company's nickel assets and their prospectivity in the future.

The acquisition of the Aracuai tantalum project in Brazil provides the Company with the option of assessing what appears to be a potentially large tantalum resource. This move is consistent with the Company's objective to maintain its position as the world's leading tantalum producer and the need to be competitive in terms of both our resource base and our ability to cost effectively supply the tantalum industry on a sustainable basis in the future.

Board of Directors and Management Change

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 will become 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.

Peter Lalor
Executive Chairman
20 January 2004

GOLD OVERVIEW

PRODUCTION

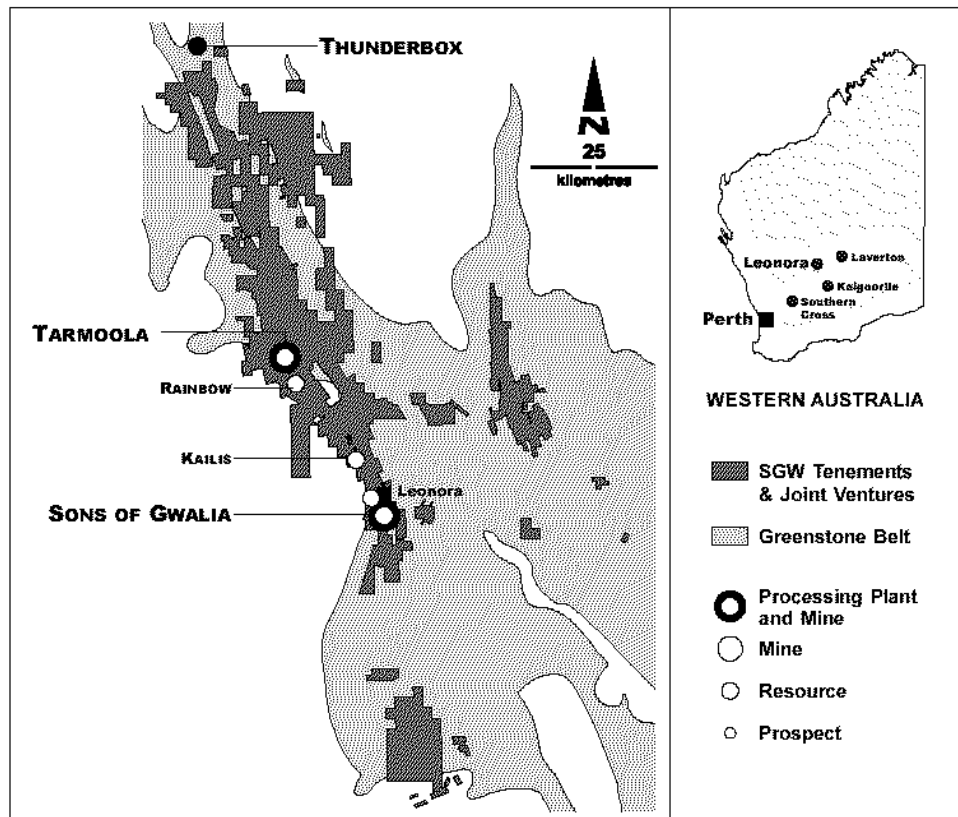
Gold production for the December quarter totalled 140,110 fine ounces. Gold was produced at an average cash cost of \$418 per ounce and sold at \$595 per ounce. This returned a cash margin of \$177 per ounce. The average spot price for the quarter was \$547 per ounce and the spot price at the date of this report is \$540 per ounce.

SONS OF GWALIA EQUITY GOLD PRODUCTION					
Operation	Tonnes Milled	Head Grade (g/t)	Production ounces	Cash Cost/oz	Total Cost/oz
Leonora Operations					
Sons of Gwalia Operations					
Gwalia Stockpile	299,820	1.50	13,569		
Tower Hill Stockpile	21,912	0.90	568		
Sundry	1,270	9.65	405		
Tarmoola Operations					
Tarmoola Open Cut	811,287	1.42	35,213		
Jasper Stockpile	111,449	0.82	2,789		
LEONORA REGION	1,245,738	1.39	52,544	408	485
Southern Cross Region					
Marvel Loch Open Cut	334,005	2.26	22,947		
Golden Pig High Grade	63,904	8.19	15,942		
Cornishman (51%)	98,495	2.65	7,964		
Sundry	2,016	21.17	1,292		
SOUTHERN CROSS REGION	498,420	3.17	48,145	437	557
South Laverton Region					
Carosue Dam					
Karari	265,253	1.01	8,047		
Twin Peaks	172,592	3.21	17,506		
Safari Bore	194,439	2.29	13,868		
SOUTH LAVERTON REGION	632,284	2.00	39,421	406	523
TOTAL GOLD PRODUCTION	2,376,442	1.93	140,110	418	521

NOTE:

- (a) "Cash (operating) costs" are defined to include all expenditures directly incurred on mining, crushing and processing operations plus site overheads and ongoing rehabilitation, net of movements in deferred mining expenditures and stockpiles.
- (b) "Total costs" include all site related depreciation and amortisation expenses and royalties. Average total costs are weighted by production.
- (c) The Sons of Gwalia equity accounted Southern Cross Region production of 48,145 ounces reflects the contribution of 51% Cornishman as part of the Troy Joint Venture.

LEONORA REGION



Production for the quarter from the Sons of Gwalia and Tarmoola operations was 52,544 fine ounces at a cash cost of \$408 per ounce.

Sons of Gwalia Mine

Production for the quarter was 14,542 fine ounces. Production exceeded budget and came mostly from the treatment of stockpiles from the Gwalia Open Pit. Processing operations were completed early in December 2003 and the plant has been placed on care and maintenance.

Tarmoola Operations

Gold production for the quarter was 38,002 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.

LEONORA REGION – DEVELOPMENT

Rainbow (2.5km south of Tarmoola)

Drilling has indicated near surface gold mineralisation in laterite with underlying supergene mineralisation, which was intersected in the holes reported below.

Hole ID	Depth (m)	Interval (m)	Grade
RRC0360	39	10	4.4
RRC0362	52	4	7.0
RRC0365	47	11	1.9

The mineralisation is open to the north and south and at depth and represents an important oxide ore source for the Tarmoola mill.

Resource modelling will now be undertaken with the objective of developing a shallow open cut resource to be treated at the Tarmoola Plant.

Tarmoola Canyon Granites Drilling Programme

Forty six reverse circulation drill holes were completed along the western flank of the Tarmoola North Pit during the quarter. 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.

Better intersections from the Western Flank drilling include:

Hole ID	Depth (m)	Interval (m)	Grade
TARC3656	7	16	2.5
	86	12	2.4
TARC3668	29	23	15.8
TARC3680	89	9	22.3
TARC3699	27	16	3.7
TARC3701	44	11	8.1

Better intersections from the South Pit drilling include:

Hole ID	Depth (m)	Interval (m)	Grade
TARC3675	140	9	8.2
TARC3690	12	17	4.6
TARC3698	7	10	3.3
TARC3702	96	11	12.4

These encouraging results will be combined with results of current drill programmes and operational knowledge of recent north-east wall instability to determine the viability of a large scale open pit mining option at Tarmoola.

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.

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.

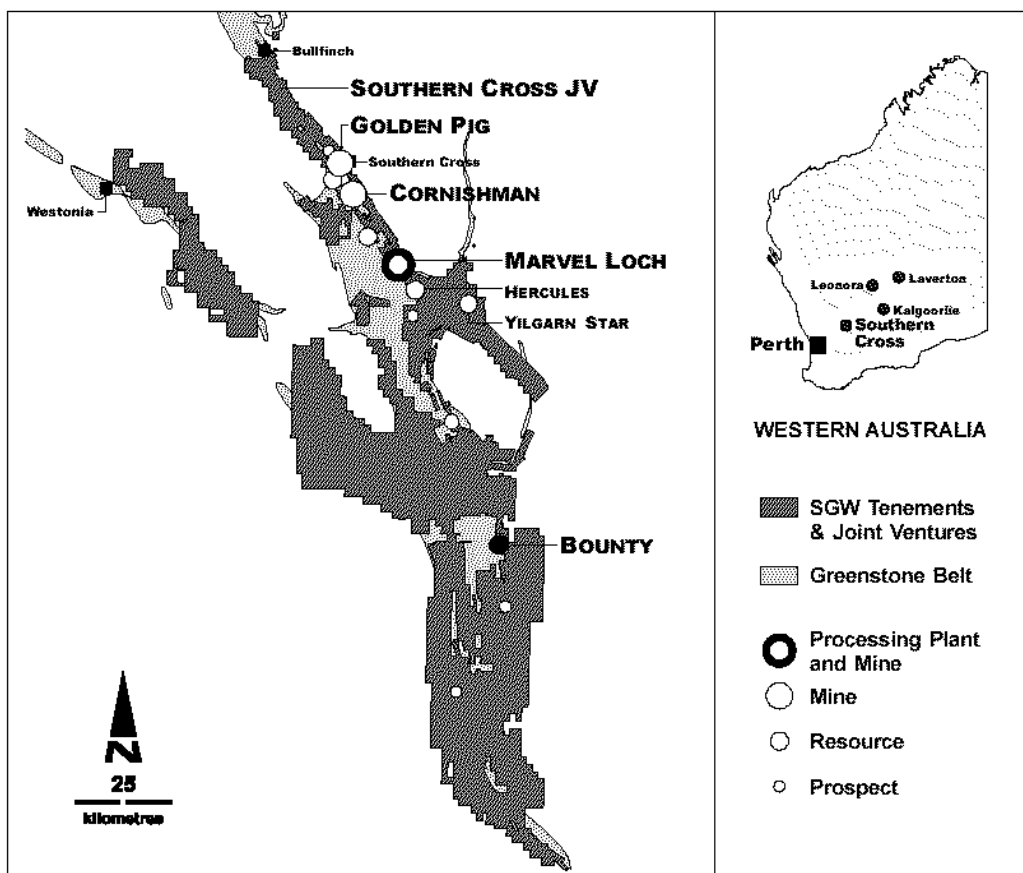
Kailis [28km south of Tarmoola]

A further forty-four shallow reverse circulation drill holes were completed to test eastern extensions of the Kailis Shear zone. This drilling has continued to provide encouraging intercepts at shallow depths. An updated resource model and mine optimisation study will be completed.

Better intersections include:

Hole ID	Depth (m)	Interval (m)	Grade
KARC0141	31	4	13.7
KARC0145	8	3	21.2
KARC0151	10	9	2.5
KARC0162	12	4	10.5
KARC0172	12	13	2.9

SOUTHERN CROSS REGION



Southern Cross Operations

Production for the quarter was 48,145 fine ounces at a cash cost of \$437 per ounce.

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

Pre-production and grades have exceeded expectations with higher grades being mined from both development and production stopes.

Cornishman Open Pit (51%)

Mining of Stage 4 (South end cut back) continued during the 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.

SOUTHERN CROSS REGION – DEVELOPMENT

Marvel Loch Underground Development and South Pit Extension

Development of the South Pit Extension Ramp 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.

Yilgarn Star Underground

Currently the mine is on care and maintenance after the completion of the Premier Deeps drilling program. A feasibility study is being undertaken to determine the viability of the existing resource and a comprehensive review of potential extension to high grade mineralisation has commenced.

SOUTHERN CROSS REGION – EXPLORATION

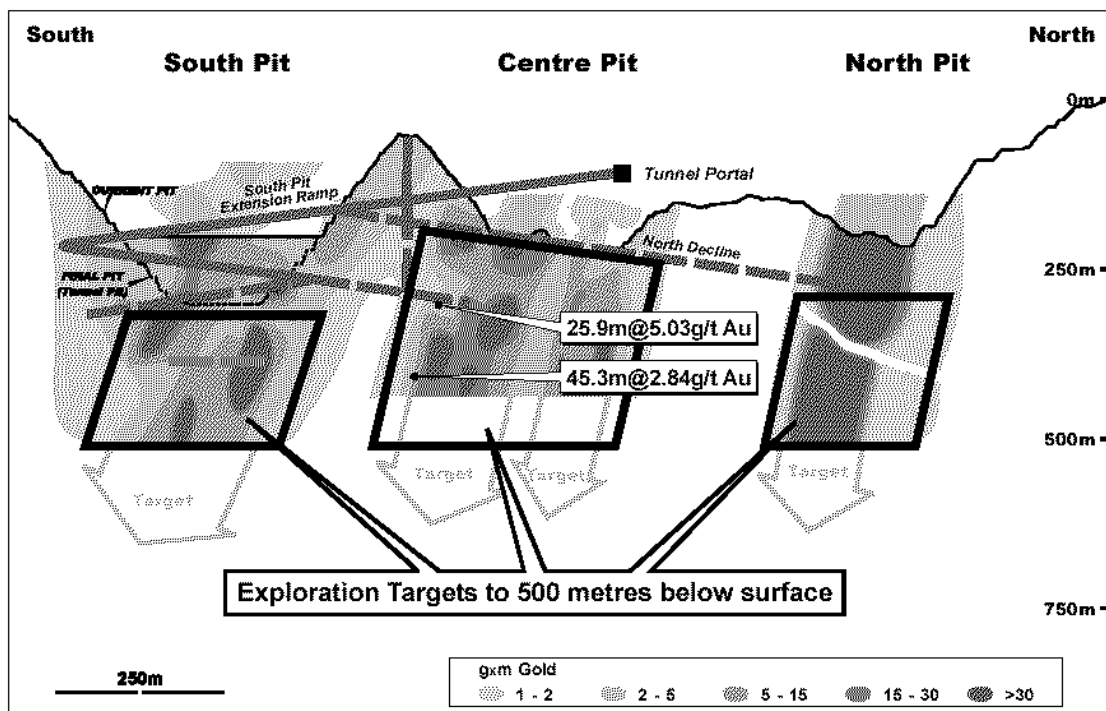
Marvel Loch Mine

A major drilling programme to delineate resources and reserves to 500 metres below surface at Marvel Loch commenced late in the quarter. 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.

The results include 25.9m @ 5.03g/t (CUG 006, 300m below surface) and 45.3m @ 2.84g/t (CUG 004, 380m below surface) and are from the initial testing below the Centre Pit, as shown below.

Marvel Loch Underground Drilling Programme and Results



Golden Pig

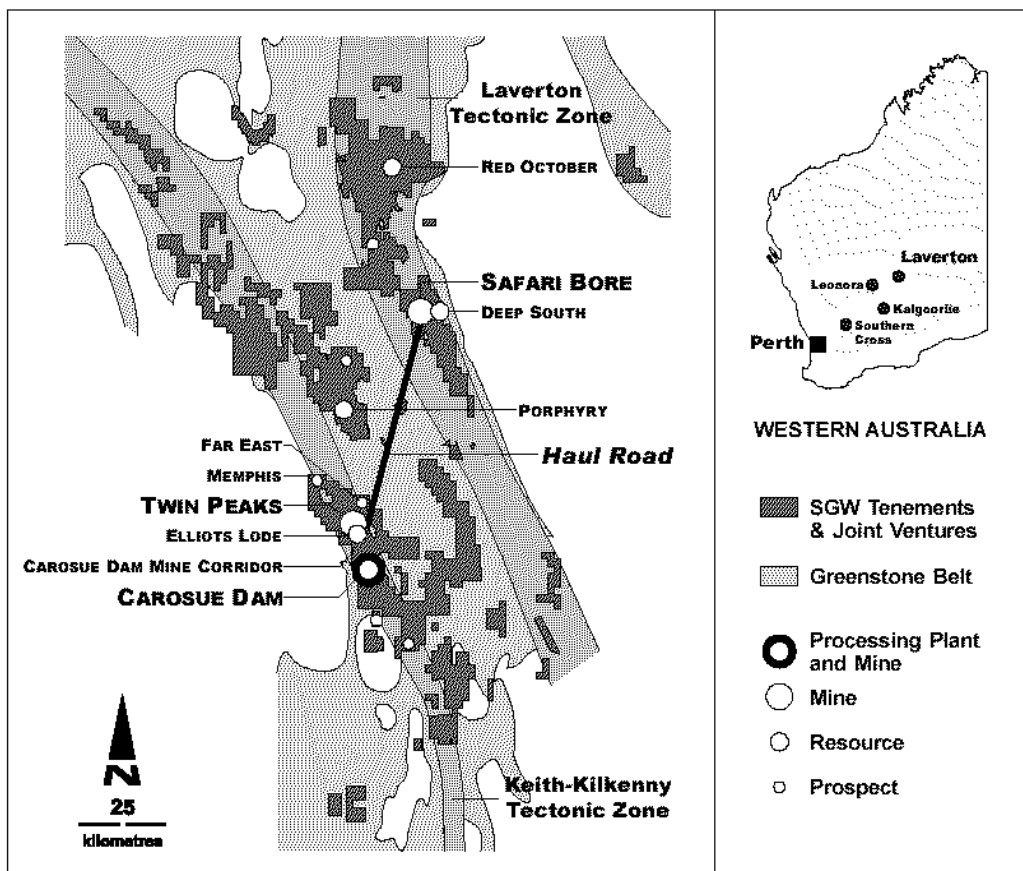
The ongoing strong performance of the Golden Pig Mine has provided the encouragement to explore for depth and lateral extensions.

An important result included an intersection of 2.2m @ 9.2g/t from 419m, approximately 150 metres below the current underground workings. Also GPRC588 intersected 37m @ 2.0g/t from a shallow depth of 20 metres at the south end of the mine area.

Significant results include:

Hole ID	Northing	Easting	RL	Dip	From (m)	Interval (m)	Grade
GPD3283	13,120	4,734	1,198	-75	88.00	3.0	5.2
GPRC588	13,170	4,892	1,374	-81	20.00	4.0	2.4
	13,170	4,892	1,374	-81	34.00	7.0	6.8
GPRC598	13,227	4,810	1,370	-52	38.00	8.0	2.6
GPRCD564	14,740	4,648	1,348	-60	154.00	2.2	2.8
	14,740	4,648	1,348	-60	317.10	2.8	2.1
GPRCD574	14,180	4,620	1,357	-57	181.30	4.7	6.2
GPRCD575	14,180	4,617	1,357	-63	143.70	0.3	15.1
GPRCD577	14,220	4,622	1,356	-60	178.50	0.6	7.2
GPRCD579	14,405	4,492	1,354	-60	419.10	2.2	9.2
	14,405	4,492	1,354	-60	433.68	0.5	9.1

SOUTH LAVERTON REGION



Carosue Dam Operations

Production for the quarter was 39,421 fine ounces at a cash cost of \$406 per ounce. 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.

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

Production for the quarter was primarily from the Safari Bore and Twin Peaks open pits.

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

SOUTH LAVERTON REGION – EXPLORATION

Carosue Dam Mine Corridor

Reverse circulation and aircore drilling programmes continue to test several targets in the twenty-five kilometre-long Carosue Dam Mine Corridor, which encompasses the main zone of alteration hosting the Carosue Dam operation and other gold deposits in the region.

Memphis

Reverse circulation drilling at Memphis, five kilometres north-west of the open cut mining operation at Twin Peaks, intersected 6m @ 3.7g/t from 141 metres, with associated Karari style alteration. Exploration will continue into next quarter.

Red October

Reverse circulation and diamond drilling was completed at Red October during the 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 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.

Assay results from reverse circulation samples and selected diamond core intervals include:

Hole Id	North	East	Dip	Depth (m)	From (m)	Interval (m)	Grade (g/t Au)
ROC411	10140	4940	-50	180	118	4.0	9.5
					140	5.0	3.9
ROC413	9900	4900	-50	221	187	13.0	10.2
ROC414	9940	4870	-50	220	203	1.0	49.9
					210	7.0	3.3
ROD138	10140	4910	-50	200	138	0.5	219.0
					180	10.1	4.8
ROD139	10146	4940	-60	180	149	1.4	42.6
ROD140	9860	4905	-55	220	198	4.6	16.3

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 PRODUCTION AND SALES

SONS OF GWALIA ADVANCED MINERALS PRODUCTION						
Operation	Unit	13 weeks ending 31.03.03	13 weeks ending 30.06.03	13 weeks ending 30.09.03	13 weeks ending 31.12.03	Rolling Annual Result
Greenbushes Tantalum^(b)						
- Produced	Lbs Ta ₂ O ₅	236,856	255,998	257,444	261,641	1,011,939
Wodgina Tantalum^(b)						
- Produced	Lbs Ta ₂ O ₅	195,831	271,974	279,175	299,180	1,046,160
TOTAL TANTALUM PRODUCED		432,687	527,972	536,619	560,821	2,058,099
TOTAL TANTALUM SOLD		540,463	656,633	408,027	500,240	2,105,363
Tin						
- Produced	Tonnes	136	157	166	138	597
- Sold		151	185	126	166	628
Lithium / Spodumene						
- Produced	Tonnes	26,044	26,665	33,124	34,703	120,536
- Sold		28,245	34,242	21,531	29,266	113,284
Kaolin						
- Produced	Tonnes	-	-	45	0	45
- Sold		1,580	120	106	168	1,974
Murray Basin JV^(a)						
- Rutile Produced	Tonnes	8,354	5,131	728	4,296	18,509
- Rutile Sold		11,910	1,208	10,944	594	24,656
- Zircon Produced	Tonnes	2,515	2,872	295	1,765	7,447
- Zircon Sold		2,327	2,915	1,596	1,694	8,532
- Ilmenite Produced	Tonnes	955	21,898	2,769	7,222	32,844
- Ilmenite Sold		30,105	20,117	64	5,618	55,904
TOTAL HM PRODUCED		11,824	29,901	3,792	13,283	58,800
TOTAL HM SOLD		44,342	24,240	12,604	7,906	89,092

(a) All figures are 100%.

(b) Ta figures include production from various tribute contracts.

ADVANCED MINERALS – SALES

The Company's tantalum sales of 500,240 lbs for the quarter were in line with its contractual arrangements and reflects normal seasonal variations in sales within the year.

ADVANCED MINERALS – PRODUCTION

Greenbushes Mine

Greenbushes produced 261,641 lbs of Ta₂O₅, 138 tonnes of tin and 34,703 tonnes of lithium concentrates during the quarter.

Tantalum and tin production were in line with budget and similar to last quarter. 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 299,000 lbs of Ta₂O₅ during the quarter. 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 Mineral Sands Joint Venture (50%)

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.

ADVANCED MINERALS - EXPLORATION
Wodgina

Present operations at Wodgina are centred on the Mt Cassiterite Pit and reserve grades are currently around 370g/t Ta₂O₅. A program of reverse circulation drilling at Mt Tinstone, located immediately south of the Mt Cassiterite Pit, was completed during the quarter. The program has identified significant tonnages of near surface high grade tantalum mineralisation within the interpreted extensions of the Mt Cassiterite pegmatite system. In-fill drilling to assist with developing a resource estimate will continue during the next quarter. Better results include:

Hole ID	Easting	Northing	Dip/ Azim.	From (m)	Interval (m)	Grade (g/t Ta ₂ O ₅)
TNC002	10824.669	19775.670	-90	0	2	355
				32	3	700
				77	1	1547
				79	28	320
TNC003	10896.486	19679.891	-60/090 (Incl.	67	53	719
				97	23	1073)
TNC026	10901.019	19777.480	-60/090	140	5	800
				0	3	480
				28	6	545
				49	29	421
				85	25	496
TNC027	10939.698	19784.088	-60/090 (Incl.	115	13	900
				103	7	1024)
				17	26	656
				18	10	950)
TNC028	10825.299	19624.979	-60/090	52	4	481
				54	2	1469
TNC029	10900.043	19624.970	-60/090	93	6	2351
				67	14	307
				81	2	3962
TNC030	10777.739	19574.764	-60/090	97	12	547
				67	3	739
				94	8	1392
				133	14	1302
TNC031	10824.781	19575.188	-60/090	152	35	701
TNC032	10899.832	19574.996	-60/090	72	7	1277
				96	5	869
				144	4	1485

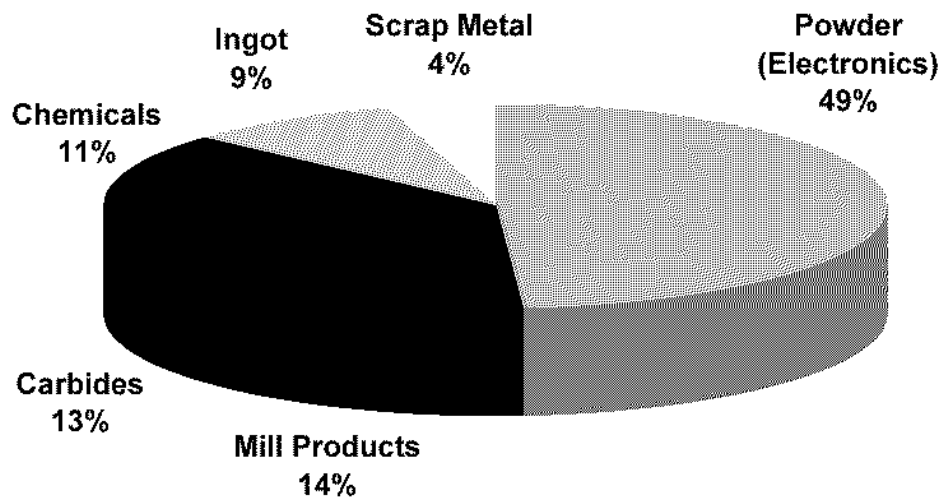
TANTALUM MARKET

Tantalum Contracts

The Company sells its tantalum concentrates from its two mines under long-term contracts to its two customers, Cabot Corporation and HC Starck (a member of the Bayer Group). These contracts currently extend to December 2005. The contracts renewal process is estimated to conclude by the end of the financial year.

Tantalum Demand

The major end-users for tantalum are in electronics, mill products and super alloys.



There are growing indications that the information technology, telecommunications and consumer electronics industries are in a sustained period of recovery. This recovery will continue to have a positive impact on demand for tantalum capacitors used in electronic componentry. Tantalum capacitor manufacturing capacity utilisation continues to improve quarter on quarter. The main drivers of growth have been a robust consumer electronics sector, which use large numbers of small capacitors. Large case size capacitors are used heavily in telecommunications infrastructure and large data processing network hardware. These are two areas, which are expected to improve in 2004 and lead to increased tantalum demand and higher spot tantalum pricing.

REVIEW OF THE COMPANY'S NICKEL INTERESTS

The Company has commenced a review of its nickel assets and land holdings in Southern Cross and the North Eastern Goldfields, which are prospective for nickel sulphide mineralisation.

Coglia Well Lateritic Nickel Project (100%)

During the quarter, the Company completed a desktop scoping study of the laterite mineralisation within the Coglia Well Project, which is located 80 kilometres south-east of Laverton. This study justified an additional programme to in-fill two smaller zones of higher grade mineralisation. This drilling programme will be completed in February 2004.

Previously reported drilling results from Coglia Well within these zones included:

Hole ID			
CGC722	15m @ 1.62% Ni	and	0.08% Co from 42m
CGC735	15m @ 1.22% Ni	and	0.22% Co from 21m
CGC719	40m @ 1.42% Ni	and	0.13% Co from 22m
CGC720	32m @ 1.45% Ni	and	0.13% Co from 22m

This in-fill programme will allow for part of the mineralisation to be categorised as a resource and provide additional sample material for metallurgical testwork.

Should this in-fill drilling programme confirm the continuity of the grade of this mineralisation, Coglia Well would contain one of the highest grade lateritic nickel/cobalt resources in Western Australia.

Potential Nickel in Company's Land Holdings

This review includes reassessing geological data over existing land holdings to identify prospective targets for nickel sulphide mineralisation. This review has already identified a number of large anomalies worthy of follow-up drill testing.

Early results from the review of geological and airborne magnetic data of the Leonora land holdings is the identification of a potential ultramafic sequence favourable for the occurrence of nickel sulphide mineralisation.

The recent nickel sulphide discoveries at Waterloo and Amorac are just to the north of the Company's land holdings in this region.

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.

Merger of Mineral Sands Assets to Form Major New Australian Mineral Sands Company

The Company has signed a Heads of Agreement with BeMax Resources NL and Nissho Iwai Corporation to merge their Australian mineral sands assets.

BeMax, which owns 100% of the Pooncarie Mineral Sands Project in the Murray Basin, will be the publicly listed entity for the combined assets. The Company will have a 15% interest in the new entity.

Under the merger, the RZM Cable Sands group of companies (100% owned by Nissho Iwai) and 100% of the Murray Basin Titanium Joint Venture interests (50% owned by the Company and 50% owned by Nissho Iwai) will become wholly owned by BeMax.

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 reserve base.

The transaction is subject to due diligence and documentation on or before 31 March 2004.

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.

Preliminary assaying and metallurgical work has been carried out on samples from the numerous shallow old pits that exist. This preliminary work indicates extensive mineralisation with attractive grades of up to 800ppm Ta₂O₅, suitable mineralogy for tantalum and tin concentration and below detection limit of impurity elements. At this stage, no JORC compliant resource has been delineated and significant drilling would need to be carried out to achieve this.

The terms and conditions of the acquisition of the Aracuai project are as follows:

- The Company has acquired a 100% interest in an unlisted United Kingdom company called Tanex Resources PLC ("Tanex"). Tanex holds an 80% interest in the Aracuai project and has an option to acquire the remaining 20% interest by the payment of US\$1.1 million.

The consideration to acquire Tanex includes:

- A cash payment of US\$80,000.
- The issuance of contingent notes, which may be redeemed for either A\$250,000 cash or 110,000 shares in the Company. The terms of the contingent notes provide that they only become due and payable if the Company decides to continue to explore/develop the project post January 2005.
- The payment of US\$165,000 should the Company wish to proceed with the project post January 2005.

Pacific Wildcat Resources Corporation Ltd ("PAW") (62%)

The Company owns 62% of PAW, which is a listed entity on the Canadian Securities Market.

PAW has acquired up to a 100% interest in a gold/copper prospect in Peru. The 38 square kilometre property is well located being only 3 kilometres in-land from the Pan American Highway. The mineralisation noted to date has features typical of a porphyry gold/copper style. The principal exploration target is a large tonnage gold and copper sheeted vein and breccia system hidden under transported cover.

The deal is subject to ongoing exploration expenditure requirements and the payment of deferred consideration. PAW may exit at any time.

FINANCE OVERVIEW

As at 31 December 2003, the Company had:

- cash and cash equivalent on hand of approximately A\$35 million;
- US\$170 million of private placement notes outstanding with an A\$ value of A\$229 million;
- A\$ facilities of \$71.5 million with A\$67 million undrawn.

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.

The current quarter continued to see reductions in both the gold and foreign exchange hedge books.

GOLD HEDGE BOOK

A summary of the hedge position at 31 December 2003 is as follows:

Sons of Gwalia Gold Hedging Summary				
		A\$ Contracts	US\$ Contracts	Total
Put Options	oz	1,869,168	Nil	1,869,168
Convertible Puts / Forwards	oz	313,760	Nil	313,760
Forward Sales	oz	809,319	67,400	876,719
Average Hedged Price/oz	\$	585	368	-

In addition, the Company has granted 511,610 ounces in calls at \$568 average and 128,700 ounces in contingent calls. The contingent calls will only come into existence if the spot price exceeds A\$540 at particular, specified dates in the future. Also outstanding at 31 December 2003 were 24,000 ounces in sold puts granted by the Company at US\$380 strike. These puts potentially reduce the Company's hedging position at prices below US\$380 as the Company would be obliged to purchase gold in settlement of each position.

The Company produced 140,110 ounces during the quarter, which it delivered into hedges at A\$595 per ounce. The Company anticipates that its full year production will total approximately 520,000-530,000 ounces, which it targets to sell at A\$590-A\$600 per ounce.

The mark-to-market value of the gold hedge and options book at 31 December 2003 was negative A\$382 million. This calculation was based on a spot gold price of A\$554 per ounce (US\$415 gold price and A\$/US\$0.7488 exchange rate).

A table of the Company's gold hedge position is included in this Quarterly Report in accordance with the Australian Gold Council recommended format. Further information on the Company's gold hedging programme is available on the Company's website at www.sog.com.au.

FOREIGN EXCHANGE

The current quarter saw the Company continue to reduce the size of its US\$ hedging commitments. This was achieved through a combination of delivering US\$ revenues into maturing hedge contracts, as well as through sold out-of-money US\$ calls lapsing and contingent positions knocking-out as a result of higher exchange rates.

During earlier restructures, the Company negotiated a feature whereby at higher A\$/US\$ exchange rates, the Company would receive bought A\$/US\$ puts at around 0.70c. This has now occurred and US\$100 million in bought A\$/US\$ puts have been added between 2004-06. These bought A\$/US\$ put options now have significant value given the current spot exchange rates are well above 0.70c. These are exercisable at the Company's option and are not commitments of the Company. The impact of the bought puts on the Company's hedge cover is shown below.

	Hedging and Commitments (US\$ millions)			
	FY2004	FY2005	FY2006	FY2007-09
Hedge cover				
Forwards	37.7	4.0	44.1	248.1
Purchased US\$ puts	22.8	58.6	20.0	-
Total hedging	60.5	62.6	64.1	248.1
	0.7150	0.6950	0.6950	0.7150
Potential Commitments				
Sold US\$ calls	14.4	25.0	-	34.0
Sold Contingent US\$ Calls ⁽ⁱ⁾	28.4	187.6	84.6	-
Potential Commitments⁽ⁱⁱ⁾	42.8	212.6	84.6	34.0

(i) Contingent positions are structured so that if the A\$/US\$ spot rate is above the applicable barrier levels at specified dates in the future, each contingent position will no longer exist. None of the positions will exist at a spot rate of A\$/US\$ 0.65 or higher. The mark to market value of the foreign exchange hedge and options book at 31 December 2003 was negative A\$22.9 million. This calculation was based on a spot exchange rate of A\$/US\$ 0.7488.

(ii) Maximum commitments will comprise forwards above and potential commitments.

GOLD HEDGING SCHEDULE AS AT 31 DECEMBER 2003

	2003/04	2004/05	2005/06	2006/07	Balance	Total
Forward Sales						
A\$ denominated	113,212	229,550	129,850	66,595	270,113	809,319
ENRP	594	555	520	500	559	551
US\$ denominated	30,000	37,400	0	0	0	67,400
ENRP	368	368	0	0	0	368
Put Options Purchased						
A\$ denominated	130,000	275,125	450,250	404,606	636,188	1,869,168
ENRP	600	589	598	601	608	601
Convertible Puts						
A\$ denominated	0	0	0	30,000	40,000	70,000
ENRP	0	0	0	640	640	614
Convertible Forwards						
A\$ denominated	0	29,960	29,960	29,960	153,880	243,760
	0	600	600	600	606	604
Calls Sold						
A\$ denominated	44,250	136,760	153,100	106,600	70,900	511,610
ENRP	575	575	561	559	575	568
US\$ denominated	0	0	0	0	0	0
ENRP	0	0	0	0	0	0
Contingent Calls Sold						
A\$ denominated	42,900	42,900	42,900	0	0	128,700
Strike	525	525	525	0	0	525
Trigger	540	540	540	0	0	540
GOLD PURCHASED						
Put Options Sold						
US\$ denominated	0	0	24,000	0	0	24,000
ENRP	0	0	380	0	0	380
Committed ounces - A\$ hedging (i)	200,362	439,170	355,810	233,155	534,893	1,763,389
ENRP/Strike A\$/oz	575	561	545	558	577	564
Committed ounces - US\$ hedging (i)	30,000	37,400	0	0	0	67,400
ENRP/Strike US\$/oz	368	368	0	0	0	368
Uncommitted - A\$ hedging (ii)	103,000	275,125	450,250	404,606	636,188	1,869,168
ENRP/Strike A\$/oz	600	589	598	601	608	601
Total committed/uncommitted (iii)	333,362	751,695	806,060	637,760	1,171,080	3,699,757

ENRP is after allowing for gold lease rates at an average of 1.23% on 2,992,006 ounces. Of the remaining hedges, 286,599 ounces are hedged at fully fixed gold lease rates and 421,352 ounces are hedged on an indexed lease rate basis.

(i) Committed ounces comprise forward sales, convertible puts and forwards and sold calls

(ii) Uncommitted hedging comprises puts.

(iii) The mark-to-market value of the gold hedge book at 31 December 2003 was negative A\$382 million.

INVESTOR INFORMATION AS AT 20 FEBRUARY 2004

Directors

P K Lalor	Executive Chairman
C J Lalor	Executive Director – Services
T A Lang	Non-Executive Director
Prof. M R Richmond	Non-Executive Director
N D Hamilton	Non-Executive Director

Senior Group Management

D A Paull	Exec General Mgr, Business Development and Marketing
L Tonkin	Exec General Mgr, Operations
K P Watkins	Exec General Mgr, Resources
M D Bale	General Mgr, Minerals

Note:
John LeEVERS was appointed Managing Director of the Company on 19 January 2004 effective 27 January 2004.

Issued Capital

The current issued capital of the Company is 188,184,938 shares.

Major Shareholders

Teck Cominco Limited
Franklin Templeton Group
Cabot Corporation
Goldman Sachs J B Were Group
Aviva Group (Portfolio Partners Limited)

ADR Depository

Citibank NA
111 Wall Street
New York NY 10043
USA
Tel: (1 212) 657 7321
Fax: (1 212) 759 1649

Registered and Principal Office

16 Parliament Place
West Perth WA 6005
Tel: (618) 9263 5555
Fax: (618) 9481 1271
Email: gwalia@soq.com.au
Website: www.soq.com.au

Shareholder Enquiries

Matters relating to shares held, change of address, tax file number and dividends should be directed to the Share Registry:

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth WA 6000
Tel: (618) 9323 2000
Fax: (618) 9323 2033
Website: www.cshare.com.au

Unless otherwise noted:

Reference to Ore Reserves and Resources contained in this Report are based on, and accurately reflect, information compiled by Mr Clay Gordon, a full-time employee of the Company, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy and has had in excess of five years experience in his field of activity.

Enquiries concerning this Report may be directed to:

Peter Lalor – Executive Chairman
David Paull – Exec General Mgr, Business Development and Marketing
Stephen Thomas – Manager, Investor Relations

This Report is also available on our website: www.soq.com.au



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