

SONS OF GWALIA LTD

ABN 46 008 994 287

JWL:CA 04.150

14 July 2004



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

Dear Sirs

COMMENT ON EARNINGS OUTLOOK

Sons of Gwalia Ltd ("the Company") has released its report for the June quarter today. The decline in gold production in the second half of 2003/04 reflects a declining production profile for the gold business which will continue in this financial year. Tantalum operations continue to be impacted by lower grade and recovery particularly at Wodgina.

The result for the 2003/04 year is being finalised and the Company's present expectation is for a result after tax, before any significant items, in the order of \$21-22 million. Whilst we are still developing estimates for earnings in 2004/05 it has become evident that the 2004/05 earnings will not meet current analyst consensus and are unlikely to exceed the result for the 2003/04 year.

Work is continuing on the Strategic Review of the Company's business. This review includes reassessment of mine plans, analysis of the Company's resources and reserves, review of the gold production plans, potential rationalisation plans, hedging policies, asset carrying values and balance sheet management.

There are a number of significant interrelated issues under review, the resolution of which may further impact the final earnings outlook for 2004/05. We are unable to provide more guidance on the earnings outlook until conclusion of the review.

At that time, the Company expects to be in a position to give further guidance on the 2004/05 earnings outlook, matters impacting on performance (particularly of a short to medium term nature) and an outlook statement for the Company for future years.

The details of the Strategic Review will be announced along with the 2003/04 annual results by the end of August.

Yours faithfully

John Leever
Managing Director / CEO

16 Parliament Place, Locked Bag 16, West Perth, Western Australia 6872

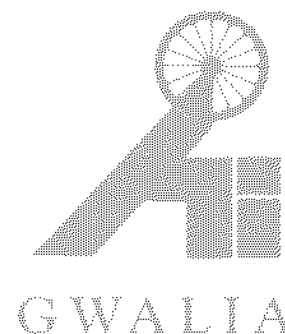
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REPORT ON ACTIVITIES For The Quarter Ended 30 June 2004

HIGHLIGHTS



BOARD CHANGES

- Mr Peter Knowles and Mr Mark Barnaba were appointed as Non-Executive Directors on 13 May 2004.

ADVANCED MINERALS

- In principle agreement reached with HC Starck to extend current sales contract to December 2008 at similar annual volumes and revenues.
- Tantalum production for the quarter of 666,498 lbs in line with previous guidance for annual production for 2003/04 of 2.29 million lbs.
- Quarterly tantalum contracted sales of 656,557 lbs in line with existing contracts and previous guidance for annual sales of 2.13 million lbs.

GOLD

- Gold production for the quarter was 115,590 ounces of gold at a cash cost of \$448/oz for annual production of 521,081 ounces of gold at an average cash cost of \$438/oz.
- Average sale price received for the quarter was \$616 realising a cash margin of \$168/oz.

EXPLORATION AND RESOURCE DEVELOPMENT

- Preliminary resources of 3.7Mt at 4.2g/t gold for 500,000 ounces have been defined in the Marvel Loch underground project for the South and Central lodes. Drilling to commence shortly on the Northern lodes.
- An extension to the Wodgina orebody has been defined at South Tinstone comprising resources of 5.2Mt at 580g/t Ta₂O₅ for 6.6Mlbs of Ta₂O₅.

MANAGING DIRECTOR'S COMMENTS

The June quarter performance showed significant improvement over the March quarter. The Gold Division performance improved with production being nearly 6% up on the March quarter at 115,589 ounces of gold at a cash cost of \$448/oz compared to \$486/oz for the previous quarter.

Total Gold production for the year was 521,081 ounces at a cash cost of \$438/oz. Notwithstanding the improvement in the June quarter, the failure of the Tarmoola pit wall and the challenges experienced at Carosue Dam with rain interruption, labour shortages and drill and blast difficulties, in the second half, resulted in the cash cost exceeding our forecast range of \$420-\$435/oz.

Tantalum operations performed well in the last quarter with both production and sales volumes reaching forecast levels for the year of 2.3Mlbs and 2.1Mlbs respectively. Production and sales of Lithium were at record levels for the year with the production unit operating at capacity.

Mining of the Tarmoola pit ceased during the quarter as the South pit was completed. The mill is now processing stockpile material. A decision to open the Kailis open pit is subject to strategic review considerations.

Exploration activity continues at the Marvel Loch underground development. Resource model for the South and Central lodes will be completed in the current quarter and drilling of the Northern lodes will commence shortly. We expect to have the resource model for all three lodes completed by the end of the December quarter.

At Wodgina, evaluation of the first stage of the recovery improvement programme has been completed and the capital proposal will be presented to the Board in July. The resource modelling for the Mt Tinstone extension has been completed with an estimated 6.6Mlbs being added to the Tantalum resource base.

The Tantalum market continues to show steady improvement with the electronic sector showing growth widening from consumer electronics to the IT and telecommunications infrastructure sectors. There is evidence of a tightening of supply in the spot market with prices moving towards the US\$40/lb mark from the US\$20-\$25/lb level of 12 months ago.

SGW is pleased to announce that it has reached agreement in principle with HC Starck to supply a minimum of 800,000 lbs Ta₂O₅ per annum as a take or pay commitment for the calendar years 2006 to 2008 inclusive, subject to final contract agreement. This is at similar specification, annual volume and revenues to the existing contracts.

Negotiations with Cabot Corporation are continuing. Should agreement not be reached over the next few weeks it is likely that the negotiation will be referred to arbitration in a process set out in the existing Sales Agreement. The Company is confident of achieving a positive outcome should the matter be referred to arbitration.

The Company has today made a separate announcement concerning progress on its Strategic review, with a further announcement expected towards the end of August.

John Leever
Managing Director
14 July 2004

ADVANCED MINERALS PRODUCTION AND SALES

SONS OF GWALIA ADVANCED MINERALS PRODUCTION						
Operation	Unit	13 weeks ending 30.09.03	13 weeks ending 31.12.03	13 weeks ending 31.03.04	13 weeks ending 30.06.04	Rolling Annual Result
Greenbushes Tantalum^(a)						
- Produced	Lbs Ta ₂ O ₅	257,444	261,641	245,012	355,407	1,119,504
Wodgina Tantalum^(a)						
- Produced	Lbs Ta ₂ O ₅	279,175	299,180	283,061	311,091	1,172,507
TOTAL TANTALUM PRODUCED		536,619	560,821	528,073	666,498	2,292,011
TOTAL TANTALUM SOLD		408,027	500,240	562,872	656,557	2,127,696
Tin						
- Produced	Tonnes	166	138	113	136	553
- Sold		126	166	83	160	535
Lithium / Spodumene Concentrates						
- Produced	Tonnes	33,124	34,703	29,749	28,958	126,534
- Sold		21,531	29,266	46,480	30,286	127,563

(a) Ta₂O₅ figures include production from a tribute contract.

ADVANCED MINERALS – SALES

The Company's Ta₂O₅ in concentrate sales of 656,557 lbs for the quarter were up strongly on the previous quarter and in line with contractual arrangements reflecting normal seasonal variations in sales within the year.

The Company's sales of lithium mineral concentrates were 30,286 tonnes supported by the growing demand for lithium batteries in China for use in mobile phones and lap top computers and stable demand in glass and ceramics markets elsewhere.

ADVANCED MINERALS – PRODUCTION

Greenbushes Mine

Greenbushes produced 355,407 lbs of Ta₂O₅ in concentrates, 136 tonnes of tin and 28,958 tonnes of lithium concentrates during the quarter.

Tantalum and Tin production exceeded forecast. A feasibility study to recommence underground operations at Greenbushes has been completed and will be presented in July for Board approval.

Lithium production was in line with forecast. Opportunities continue to be explored to de-bottleneck the Lithium processing facilities at Greenbushes and to enhance product specifications that will unlock existing processing capability.

Wodgina Mine

Wodgina produced 311,091 lbs of Ta₂O₅ in concentrates during the quarter.

Production during the quarter focused on Mt Cassiterite and the oxide associated with this ore source. Mineralogically and metallurgically this material performed significantly better than fresh Mt Tinstone feed which dominated much of the previous quarter's production. The future mine schedule returns to fresh plant feed early in 2004/05 as oxide feed is fully extracted from known sources.

An evaluation of the first stage of the recovery improvement programme that commenced last quarter was completed and will be presented to the Board for approval in July. The plant modification will take 12 months to complete.

ADVANCED MINERALS – EXPLORATION AND RESOURCE DEVELOPMENT

Tantalum

Wodgina

Following the recent drilling program, a resource estimate has been completed for South Tinstone, which covers the immediate 400m southern strike extension of the Mt Tinstone deposit:

JORC Resource Category	Tonnes (Mt)	Grade (g/t Ta ₂ O ₅)	Cut-off Grade (g/t Ta ₂ O ₅)	Mlbs (Ta ₂ O ₅)
Indicated	4.7	580	130	6.0
Inferred	0.5	580	130	0.6
Total	5.2	580	130	6.6

A mining study is in progress to evaluate ore reserves.

At West Wodgina, approximately 2km west of the mine, a drilling program has been completed to evaluate the economic potential of a zone of pegmatites over a strike length of 800m. Results received so far included:

Hole ID	Interval (m)	Grade (g/t Ta ₂ O ₅)	Depth (m)
WWC001	20	520	79
<i>(including</i>	<i>6</i>	<i>899</i>	<i>86)</i>
WWC002	16	496	86
WWC003	20	585	70
<i>(including</i>	<i>8</i>	<i>888</i>	<i>76)</i>
WWC004	22	528	50
WWC006	14	475	34
WWC011	18	626	27
<i>(including</i>	<i>8</i>	<i>953</i>	<i>29)</i>

Aracuai, Brazil (80% with option to acquire 100%)

Assay results and geological interpretation from drilling conducted on this project in the March quarter have downgraded the potential for significant tantalum resources in the project.

TANTALUM SALES CONTRACT UPDATE

Sons of Gwalia Ltd (SGW) is the world's largest tantalum miner supplying more than 50% of the world's raw material needs from its two major mines in Western Australia, Greenbushes and Wodgina.

SGW has long term contracts with its two major customers, Cabot Corporation and HC Starck which extend to December 2005 and is currently in the process of negotiating extensions to both contracts.

The Company has recently entered into a short term contract with a customer in China and has signed today, another short term contract with a customer in Japan.

SGW is pleased to announce that it has reached in principle agreement with HC Starck to extend the contract for a minimum of 800,000 lbs Ta_2O_5 per annum as a take or pay commitment for the calendar years 2006 to 2008 inclusive. The extension is at similar specification, annual volumes and revenues to the existing contract.

Negotiations with Cabot Corporation are continuing. Should agreement not be reached over the next few weeks it is likely that the negotiation will be referred to arbitration in a process set out in the existing Sales Contract. The Company is confident of achieving a positive outcome from the arbitration process.

Cabot Corporation relinquished their rights to Greenbushes Mine production and will focus their purchasing requirements on the Wodgina Mine. Cabot Corporation is currently receiving all of its SGW tantalum concentrates from the Wodgina Mine.

This enables SGW to broaden its customer base and enter into agreements with new customers. In a move, which supports the Company's strategy to expand its customer base and as a sign that the tantalum market continues to improve, the Company has entered into a contract through to December 2004 to a new customer for 65,000 lbs at contract level prices. Contracted sales for the 2004/05 financial year are now anticipated to be 2.3Mlbs.

GOLD OVERVIEW

PRODUCTION

Gold production for the June quarter totalled 115,589 fine ounces. Gold was produced at an average cash cost of \$448/oz and sold at \$616/oz. This returned a cash margin of \$168/oz. The average spot price for the quarter was \$575/oz.

SONS OF GWALIA EQUITY GOLD PRODUCTION					
Operation	Tonnes Milled	Head Grade (g/t)	Production ounces	Cash Cost/oz	Total Cost/oz
Leonora Operations					
Tarmoola Operations					
Tarmoola Open Cut	365,442	0.92	10,064		
Tarmoola Low Grade Stockpile	296,861	0.67	6,131		
Jasper Stockpile	41,554	0.78	963		
Rainbow	223,376	0.87	5,766		
Purchased Ore	1,403	18.59	669		
LEONORA REGION	928,636	0.85	23,593	588	654
FULL YEAR PRODUCTION			165,802	476	558
Southern Cross Region					
Marvel Loch Open Cut					
Marvel Loch Open Cut	350,231	1.91	19,415		
Golden Pig Underground					
Golden Pig Underground	59,914	8.64	15,025		
Cornishman					
Cornishman	75,606	2.87	6,312		
Sundry					
Sundry	40,055	2.62	3,051		
SOUTHERN CROSS REGION	525,806	2.87	43,803	455	571
FULL YEAR PRODUCTION			182,891	452	571
South Laverton Region					
Carosue Dam					
Karari					
Karari	61,241	1.29	2,286		
Luvironza					
Luvironza	95,294	0.89	2,464		
Deep South					
Deep South	110,859	2.77	9,331		
Twin Peaks					
Twin Peaks	31,129	1.98	1,818		
Safari Bore					
Safari Bore	284,643	3.72	32,295		
SOUTH LAVERTON REGION	583,166	2.73	48,194	374	556
FULL YEAR PRODUCTION			172,388	387	522
TOTAL GOLD PRODUCTION (JUNE)	2,037,608	1.91	115,590	448	582
TOTAL GOLD PRODUCTION (FULL YEAR)			521,081	438	551

NOTE:

- "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.
- "Total costs" include all site related depreciation and amortisation expenses and royalties. Average total costs are weighted by production.
- The Sons of Gwalia equity accounted Southern Cross Region production of 43,803 ounces reflects the contribution of 51% Cornishman as part of the Troy Joint Venture.

LEONORA REGION

Tarmoola Operations

Gold production for the quarter was 23,593 fine ounces at a cash cost of \$588/oz. Gold production from the Leonora region for the year 2003/04 was 165,802 ounces.

Mining operations were completed within both South Tarmoola and Rainbow pits during the quarter. Processing of low grade Tarmoola stockpiles commenced in the latter half of the quarter. A decision to develop the Kailis satellite open pit operation will be assessed as part of the Strategic Review process.

LEONORA REGION – EXPLORATION AND RESOURCE DEVELOPMENT

Tarmoola

The scoping study on a very large tonnage low-grade project at Tarmoola (the "Big Pit Concept") showed that the potential resource base would not support this concept at the current gold price. Future work will focus on optimising the existing resource base and targeted exploration for high-grade zones at depth.

Kailis (28km south of Tarmoola)

Resource estimation and an open-cut mining scoping study have been completed on this deposit. Kailis contains an Indicated Resource of 2.5Mt at 2.0g/t gold for 160,000 ounces; an economic pit design contains approximately 110,000 ounces. The deposit is a potential satellite partner for future mining at Tarmoola.

Rainbow (2.5km south of Tarmoola)

Drilling to evaluate the oxide resource potential beneath the recently mined laterite pits has been completed. Results indicated a small low-grade resource, which will not be developed.

SOUTHERN CROSS REGION

Southern Cross Operations

Attributable production for the quarter was 43,803 fine ounces at a cash cost of \$455/oz. Production for the 2003/04 financial year is 210,695 ounces (with attributable production of 182,891 ounces).

Marvel Loch

Open pit mining of the South Pit Extension progressed satisfactorily, with mining concentrated on removal of the existing ramp in the lower section of the pit. Ore sourced from the pit has been in line with forecast tonnes, at a marginally lower grade. Total waste movement has been behind schedule early in the quarter, with production levels improving to forecast rates by the end of the quarter.

Golden Pig Underground

Positive reconciliation of ore grades from Jedi and C7 North areas and higher development grades resulted in higher than forecast production.

Ore Processing

Ore throughput for the quarter was at an annualised rate of 2.39Mt, which is the highest rate during the financial year. This was despite constraints with the crushing circuit reducing throughput to the process plant during April and June. Constraints associated with crusher throughput have been resolved and crushing performance continues to improve.

Marvel Loch Underground Development and South Pit Extension

Development of the North Decline progressed on schedule to provide initial access to the North Underground early in the new financial year. Access to both the Undaunted and Sherwood lodes will be established in the September quarter and a ventilation network will be developed to allow the commencement of ore production.

SOUTHERN CROSS REGION – EXPLORATION AND RESOURCE DEVELOPMENT
Marvel Loch Underground Resource Extension Drilling

A major drilling program to define resources beneath the Marvel Loch open pits is in progress. Drilling has been focussed on the South and Centre lodes with approximately 40,000m of diamond drilling completed at the end of the quarter. Drilling has extended the resources to depths of up to 660m below surface. Better drilling results received during the quarter included:

Centre Lodes

Hole ID	Interval (m)	Grade (g/t Au)	Vertical Depth (m)*	True Width (m)
CUG048	15	4.15	335	12.0
CUG056	20	3.43	258	19.3
CUG058	9	20.98	316	7.1
CUG063	20	2.99	262	19.5
CUG064	11	5.54	296	9.5
CUG072	4.3	58.88	373	3.0
CUG075	7	20.74	430	3.5
CUG079	10	11.96	354	5.5
	11	7.94	428	7.0
CUG082	23	4.10	306	11.6
CUG087	19	5.00	408	9.5

South Lodes

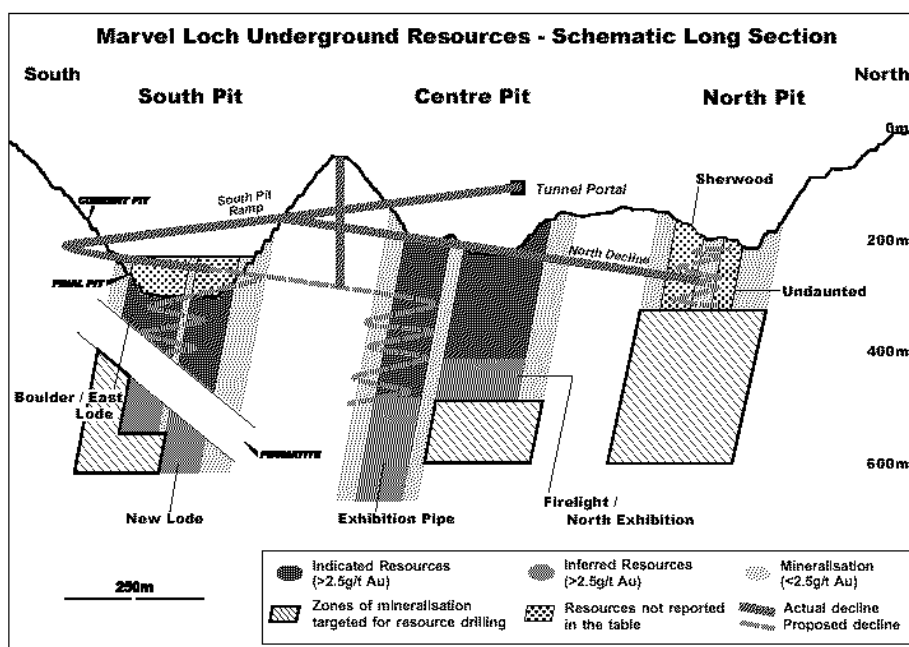
Hole ID	Interval (m)	Grade (g/t Au)	Vertical Depth (m)*	True Width (m)
SUG023	7	4.84	348	5.5
SUG031	5	10.75	438	2.8
	7	13.03	448	3.9
	7	4.26	456	3.9
SUG033	6.5	5.92	318	5.0
SUG036	7	9.85	453	4.2
SUG038	7	6.09	488	3.8

* Vertical depth to mid-point of intersection in metres below surface.

Preliminary ordinary kriged resource estimates have been made for the Centre and South lodes:

Lode System	JORC Resource Category	Tonnes (Mt)	Grade (g/t Au)	Ounces	Cut-off (g/t Au)
Centre	Indicated	1.8	3.7	215,000	2.5
Centre	Inferred	0.8	5.5	140,000	2.5
Centre	Sub-Total	2.6	4.3	355,000	2.5
South	Indicated	0.9	4.2	120,000	2.5
South	Inferred	0.2	3.7	25,000	2.5
South	Sub-Total	1.1	4.1	145,000	2.5
Centre & South	Total	3.7	4.2	500,000	2.5

Apart from the cut-off grade, no economic criteria have been applied in reporting these resources. The distribution of resources in the Indicated and Inferred categories is shown in the schematic long section below.



The drilling program will continue to the December quarter with a target of defining Indicated Resources in the South, Centre and North lodes to a depth of at least 500m below surface. Reconnaissance drilling has indicated that mineralisation extends beneath the resources defined so far. Further results will be incorporated into the resource models as the drilling program progresses.

A preliminary scoping study will commence in the September quarter to establish the economic parameters of underground production from the Centre and South lodes.

Golden Pig

Exploration programs are in progress to evaluate the resource potential of mineralised banded iron-formation (BIF) units in strike extensions to the north and south of the mine. A drilling program over a 300m strike length, immediately south of the current mine, was completed during the quarter. A resource estimate is in progress.

Drilling over a 300m strike length immediately north of the mine is in progress. The mineralisation intersected so far is characterised by narrow intervals of medium-grade BIF.

SOUTH LAVERTON REGION

Carosue Dam Operations

Production for the quarter was 48,194 fine ounces at a cash cost of \$374/oz. Gold production from the South Laverton region for the year 2003/04 was 172,388 ounces.

The availability of road train operators for the haulage of ore from Safari Bore, Deep South and Serengeti to the mill in April and May severely affected mill production for the period which was partially offset with the introduction of low grade stockpiled material to mill feed. The shortfall of hauled material has been rectified.

Poor mechanical equipment availability reduced operator productivity. Rain delays and an industry shortage of grade control drills also placed pressure on mine production in the first half of the quarter, however production consistency improved markedly in the latter half of the quarter.

SOUTH LAVERTON REGION – EXPLORATION AND RESOURCE DEVELOPMENT

Porphyry

Resource estimation of the Porphyry and Enterprise gold deposits, 40km north of Carosue Dam, has been completed:

Resource	JORC Resource Category	Tonnes (Mt)	Grade (g/t Au)	Ounces	Cut-off (g/t Au)
Porphyry	Indicated	0.85	2.2	60,000	1.0
Enterprise	Indicated	0.24	2.5	20,000	1.0
	Total	1.09	2.3	80,000	1.0

Exploration is in progress in the project area to identify further resources. At the Eastward Reefs prospect, 7km south of Enterprise, reconnaissance RC drilling returned encouraging results, which included:

Hole ID	Interval (m)	Grade (g/t Au)	Down Hole Depth (m)
MGC430	4	3.90	109
MGC434	7	4.59	64
MGC435	9	3.64	21
	3	10.32	64
MGC436	6	7.22	69

Gold mineralisation is hosted by quartz veins in an albite-sericite-pyrite altered felsic unit in an area of shallow historic workings. The mineralisation is coincident with a 400m-long IP geophysical anomaly. Approximately 250m of this zone lies beneath transported cover and has not been tested by drilling. Further work is planned to evaluate the potential of the prospect.

CORPORATE

BOARD CHANGES

Mr Peter Knowles and Mr Mark Barnaba were appointed to the Board as Non-Executive Directors on 13 May 2004.

REVIEW OF THE COMPANY'S NICKEL INTERESTS

The Company is continuing its review of nickel sulphide prospectivity in its regional tenement positions in the Southern Cross, Leonora and South Laverton areas. An independent consultant's report has been completed and a strategy is being developed to extract value from these assets.

Coglia Well Lateritic Nickel Project (100%)

A resource estimate has been completed for this prospect, located 80km southeast of Laverton, following the drilling program completed in the previous quarter:

JORC Resource Category	Tonnes (Mt)	Nickel %	Cobalt %	Cut-off (Ni%)
Inferred	1.95	1.52	0.26	1.30

Coglia Well is a particularly high-grade resource, compared with other nickel-cobalt laterite resources in Western Australia. Preliminary metallurgical studies indicate that the mineralisation has generally favourable processing characteristics.

DISPOSAL OF GOLD ASSETS

A sale process has commenced for the Copperhead, Corinthia and Hopes Hill Gold Mines in the northern part of the Southern Cross region. It is planned to conclude this process in the September quarter. The terms of a sale agreement for the Cardinia, Mertondale and Raeside tenement packages east of Leonora were agreed with Navigator Resources Limited during the quarter. These included consideration of \$120,000 cash and one million Navigator shares, as well as a claw-back right of up to a 60% interest on any discovery exceeding 250,000 ounces.

FINANCE OVERVIEW

As at end of quarter, the Company had:

- cash and cash equivalent on hand of approximately A\$20.7 million;
- US\$170 million of private placement notes outstanding with an A\$ value of A\$240 million;
- A\$ facilities drawn to \$3.9 million with A\$60 million undrawn.

The Gold and Advanced Minerals businesses were cash flow positive after all costs.

HEDGING

The Company's hedging policies and practices are being reassessed as part of the overall Company Strategic Review. In the interim, every opportunity is taken to simplify, better match or reduce the level of committed cover as part of overall risk management strategy and practices.

In the fourth quarter, the level of commitment was reduced in both gold and foreign exchange (FX) hedge books. The level of gold commitment (forwards, convertible puts and forwards and sold calls) was reduced by 209,000 ounces. Since 30 June 2004, the Company has closed out a further 24,000 ounces of 2004/05 commitments.

GOLD HEDGE BOOK

A summary of the hedge position at 30 June 2004 is presented below.

Sons of Gwalia Gold Hedging Summary – '000 ozs				
		A\$ Contracts	US\$ Contracts	Total
Put Options	oz	1,774	-	1,774
Convertible Puts / Forwards	oz	102	-	102
Forward Sales	oz	699	37	736
Average Hedged Price/oz	\$	582	368	-

In addition, the Company has granted 419,360 ounces in calls at a \$563 average and 104,500 ounces in contingent calls. A total of 204,000 ounces of calls have a strike price of \$575 or higher and 14,000 of contingent calls will only become effective with a spot price above US\$431.

The Company produced 115,589 ounces during the quarter, which it delivered into hedges at A\$616/oz. Production for the year totalled 521,081 ounces, for which the Company realised A\$599/oz.

The mark-to-market value of the gold hedge and options book at 30 June 2004 was negative A\$348 million. This calculation was based on a spot gold price of A\$568/oz (US\$392 gold price and A\$/US\$0.69 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 deliver and convert its US\$ revenues at 0.700. This compares favourably against the average spot rate for the quarter of 0.713. As well, foreign exchange hedging commitments were reduced by US\$21 million in face value.

The summarised hedge position at 30 June 2004 is presented below.

Foreign Exchange Hedging and Commitments (US\$ millions)				
	FY2005	FY2006	FY2007	FY2008-09
Hedge cover				
Forwards	24.5	44.1	96.1	72.0
Purchased US\$ puts	58.6	20.0	-	-
Total hedging	83.1	64.1	96.1	72.0
	0.6866	0.6878	0.6982	0.7197
Potential Commitments				
Sold US\$ calls	25.0	-	30.0	4.0
Sold Contingent US\$ Calls ⁽ⁱ⁾	149.2	84.6	-	-
Potential Commitments⁽ⁱⁱ⁾	174.2	84.6	30.0	4.0

- (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 30 June 2004 was negative A\$75 million. This calculation was based on a spot exchange rate of A\$/US\$0.690.
- (ii) Maximum commitments will comprise forwards above and potential commitments.

GOLD HEDGING SCHEDULE AS AT 30 JUNE 2004

	2003/04	2004/05	2005/06	2006/07	Balance	Total
Forward Sales						
A\$ denominated	232,616	129,850	66,595	220,813	49,300	699,174
ENRP	540	520	500	561	550	540
US\$ denominated	37,400	0	0	0	0	37,400
ENRP	368	0	0	0	0	368
Put Options Purchased						
A\$ denominated	275,125	420,250	404,606	348,688	295,500	1,774,169
ENRP	589	598	601	594	598	596
Convertible Puts						
A\$ denominated	0	0	30,000	0	32,000	62,000
ENRP	0	0	640	0	595	617
Convertible Forwards						
A\$ denominated	0	0	0	0	40,000	40,000
ENRP	0	0	0	0	606	606
Calls Sold						
A\$ denominated	88,760	153,100	106,600	70,900	0	419,360
ENRP	562	561	559	575	0	563
Contingent Calls Sold						
A\$ denominated	42,900	42,900	0	0	0	85,800
Strike	525	525	0	0	0	525
Trigger	540	540	0	0	0	540
US\$ denominated	0	0	0	0	18,700	18,700
Strike	0	0	0	0	400	400
Trigger	0	0	0	0	431	431
Committed ounces - A\$ hedging (i)	364,276	325,850	203,195	291,713	121,300	1,306,334
ENRP/Strike A\$/oz	544	540	552	564	580	552
Committed ounces - US\$ hedging (i)	37,400	0	0	0	18,700	56,100
ENRP/Strike US\$/oz	368	0	0	0	400	379
Uncommitted - A\$ hedging (ii)	275,125	450,250	404,606	348,688	295,500	1,774,169
ENRP/Strike A\$/oz	589	598	601	594	598	596
Total committed/uncommitted (iii)	676,801	776,100	607,801	640,401	435,500	3,136,603

ENRP is after allowing for gold lease rates at an average of 1.22% on 2,190,623 ounces. Of the remaining hedges, 818,926 ounces are hedged at fully fixed gold lease rates and 403,152 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 30 June 2004 was negative \$348 million.

INVESTOR INFORMATION AS AT 30 JUNE 2004

Directors

N D Hamilton	Non-Executive Chairman
J W Leevers	Managing Director and Chief Executive Officer
T A Lang	Non-Executive Director
Prof. M R Richmond	Non-Executive Director
P Knowles	Non-Executive Director
M Barnaba	Non-Executive Director

Senior Group Management

I J McCubbing	Chief Financial Officer
L Tonkin	Exec General Mgr, Operations
K P Watkins	Exec General Mgr, Resources
C W Foley	Legal Counsel & Company Secretary
M D Bale	General Mgr, Projects

Issued Capital

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

Major Shareholders

Franklin Templeton Group
Teck Cominco Limited
Schroeder Investment Management
Aviva Group (Portfolio Partners Limited)
Cabot Corporation

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 Santi Pal (Reserves) and Mr Phil Janowski (Resources), both full-time employees of the Company, who are Corporate Members of the Australasian Institute of Mining and Metallurgy and have in excess of five years experience in his field of activity.

Enquiries concerning this Report may be directed to:

John Leevers – Chief Executive Officer and Managing Director
Ian McCubbing – Chief Financial Officer



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