

5 July 2003
1236:tcl

The Companies Announcements Office
Australian Stock Exchange Ltd
20 Bond Street
Sydney NSW 200

Lodged via ASX Online

Dear Sir

Attached is a copy of a presentation that Mr David Paull – Executive General Manager, Business Development and Marketing will be making at the 2003 Diggers and Dealers Mining Forum today.

The presentation will be available on the Company website (www.sog.com.au) later today.

Yours faithfully



Stephen Pearce
Company Secretary

Att



SONS OF GWALIA LTD

DIGGERS & DEALERS
“Recovering Lost Ground”

Presented by:
David Paull
Executive General Manager
Bus. Development & Marketing

5 August 2003

AGENDA

- **Recovering Lost Ground**
- **A Material Gold Business**
- **World Class Tantalum Business**
- **Hedging - Smaller but Just as Valuable**



RECOVERING LOST GROUND

- **Restructure of the Gold and Head Office organisation**
- **Reducing gold costs / Increasing Margins**
- **Reducing debt**
- **Improving the performance of the Gold Asset Base**
- **Maximising the value of the Tantalum Business at cyclical lows**
- **Reducing the size of foreign exchange and gold commitments**



SONS OF GWALIA

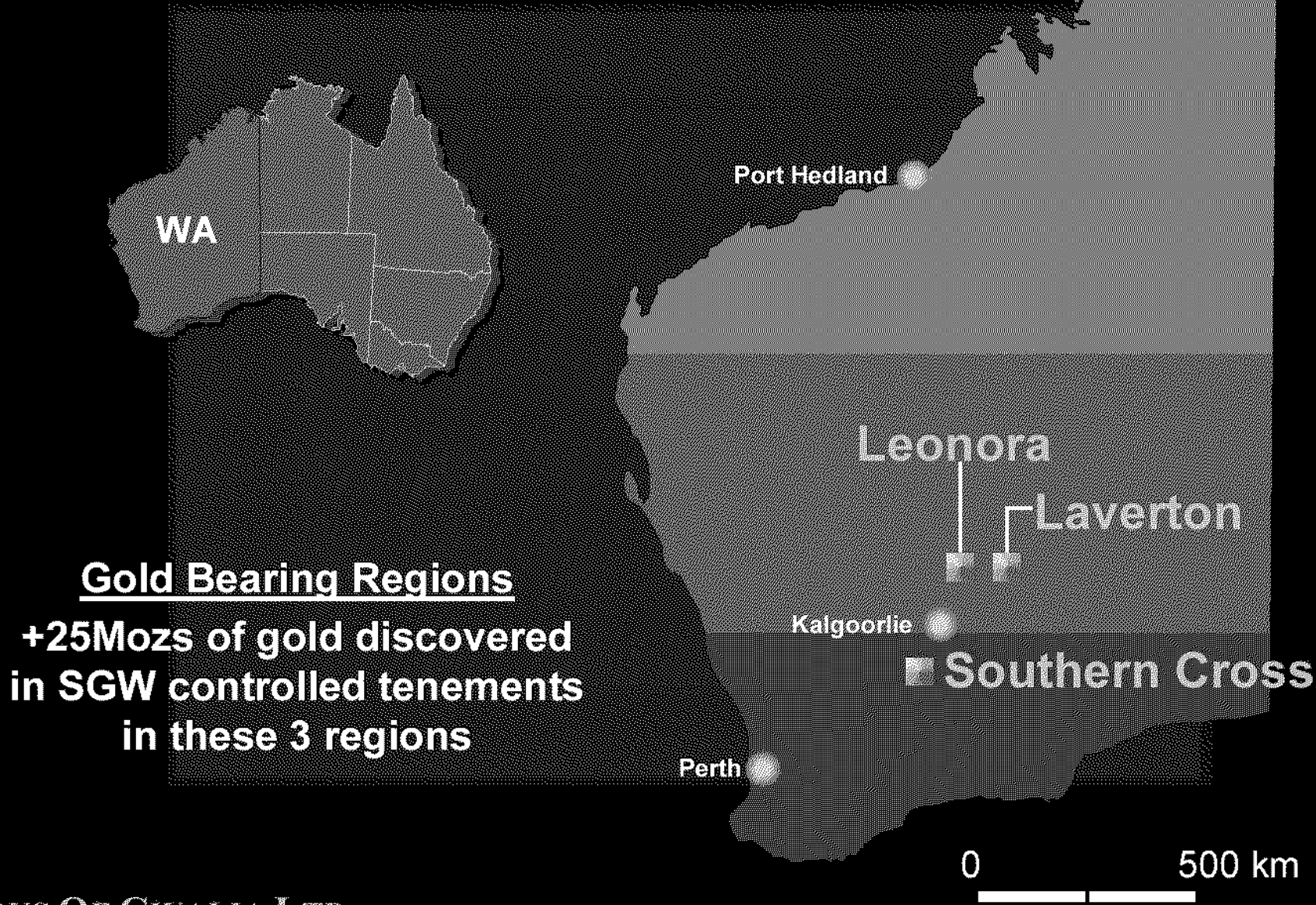
GOLD

3 regions
577,702ozs
(Record)

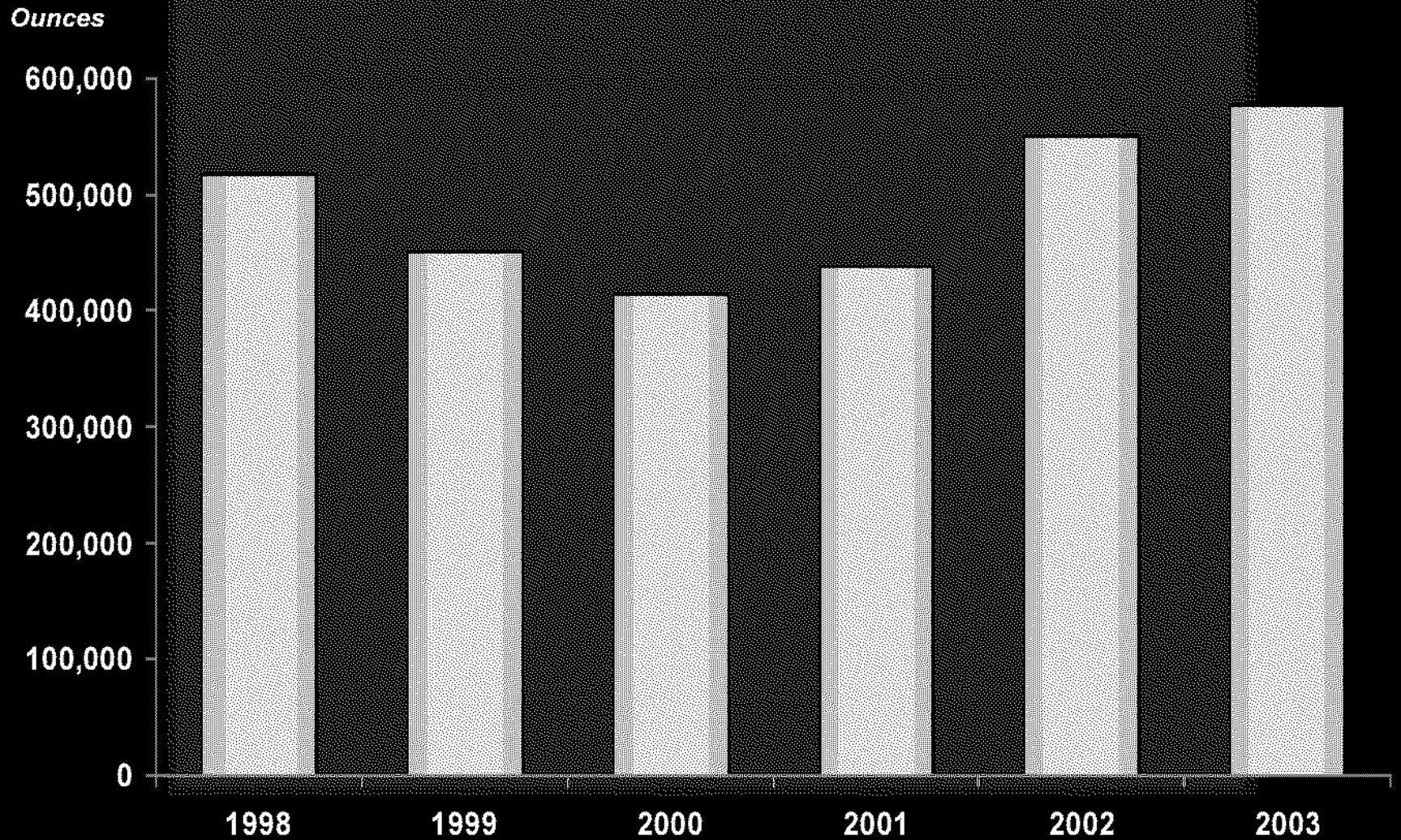
ADVANCED MINERALS

2 Tantalum mines
2.1mlbs Ta concentrates
122,000t of Li minerals
(Record)

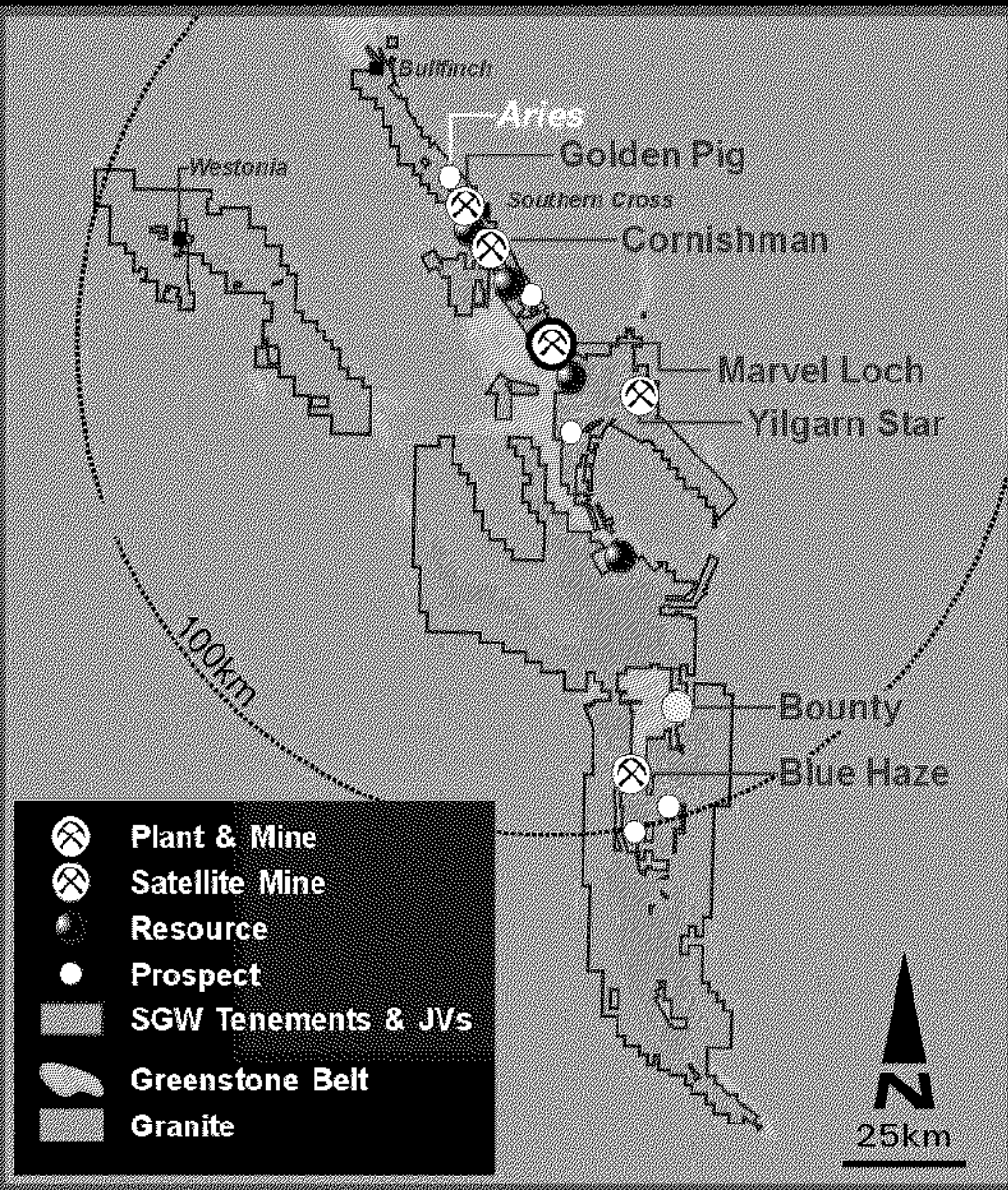
GOLD OPERATIONS - 3 REGIONS



SONS OF GWALIA GOLD PRODUCTION



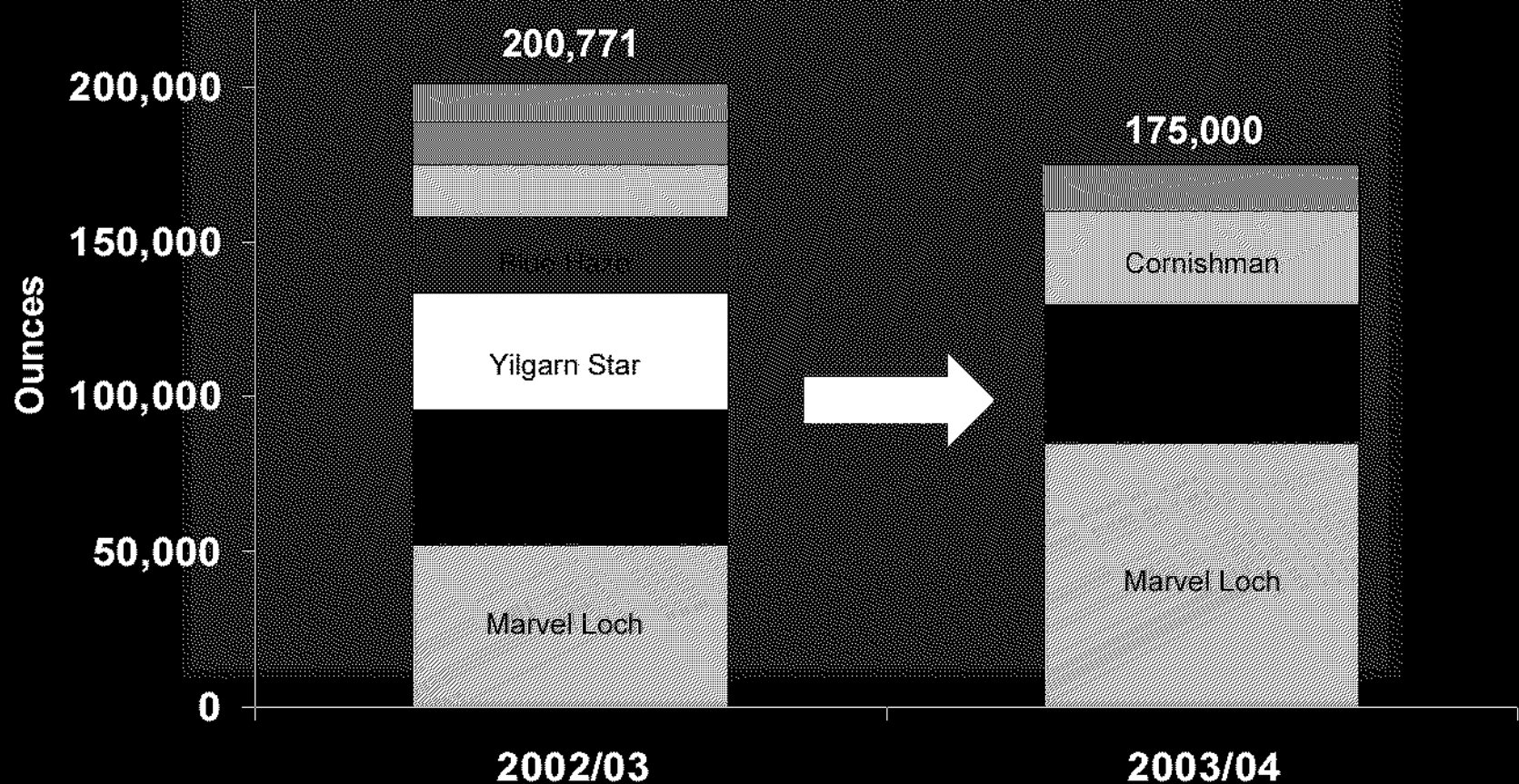
SOUTHERN CROSS REGION



- 5,000km² of prospective ground
- Central 2.5Mtpa processing facility
- Multiple open cut & under-ground ore sources

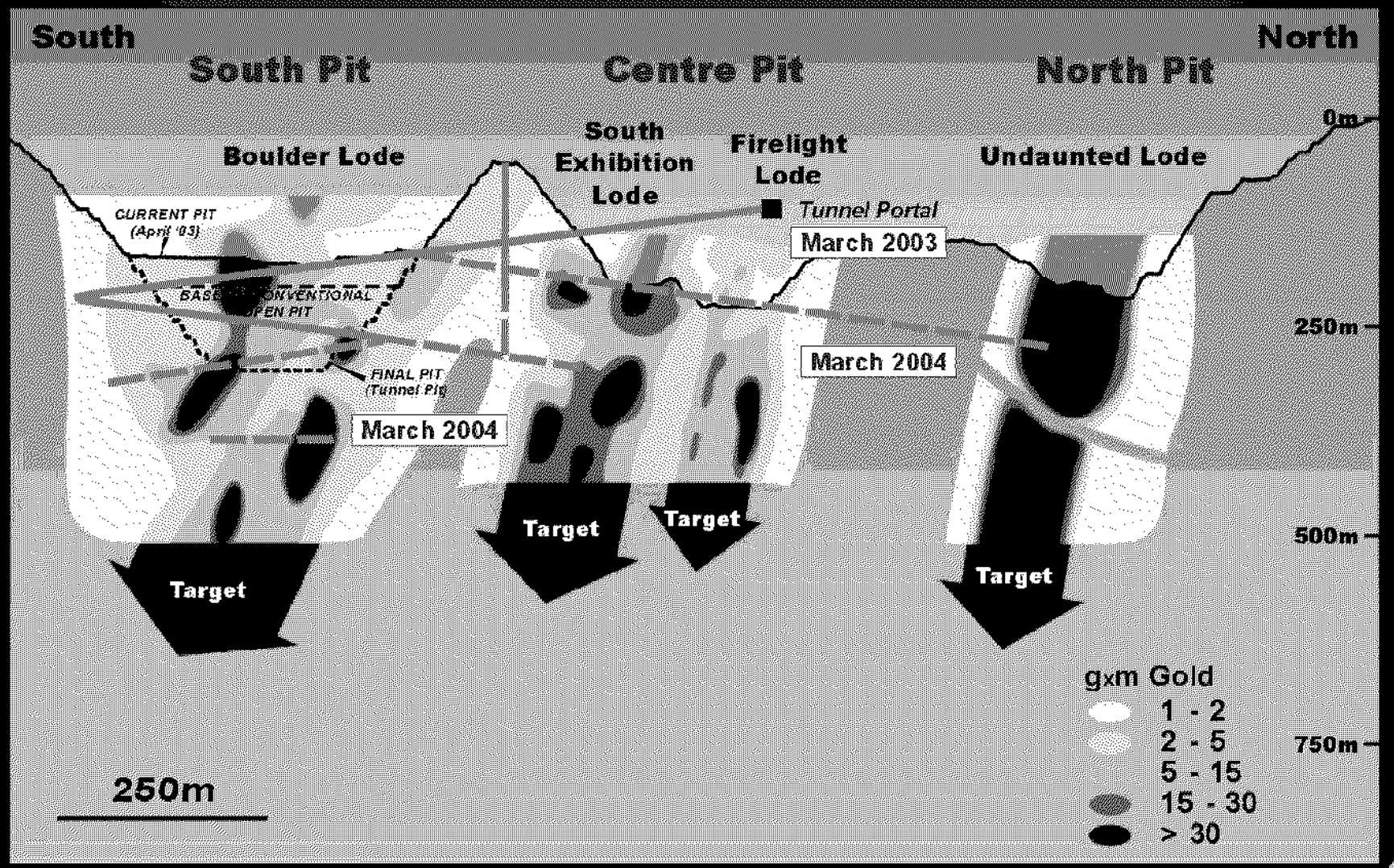
SOUTHERN CROSS STRATEGY

- Securing cashflow from previous investments
- Improving quality by developing fewer higher margin deposits

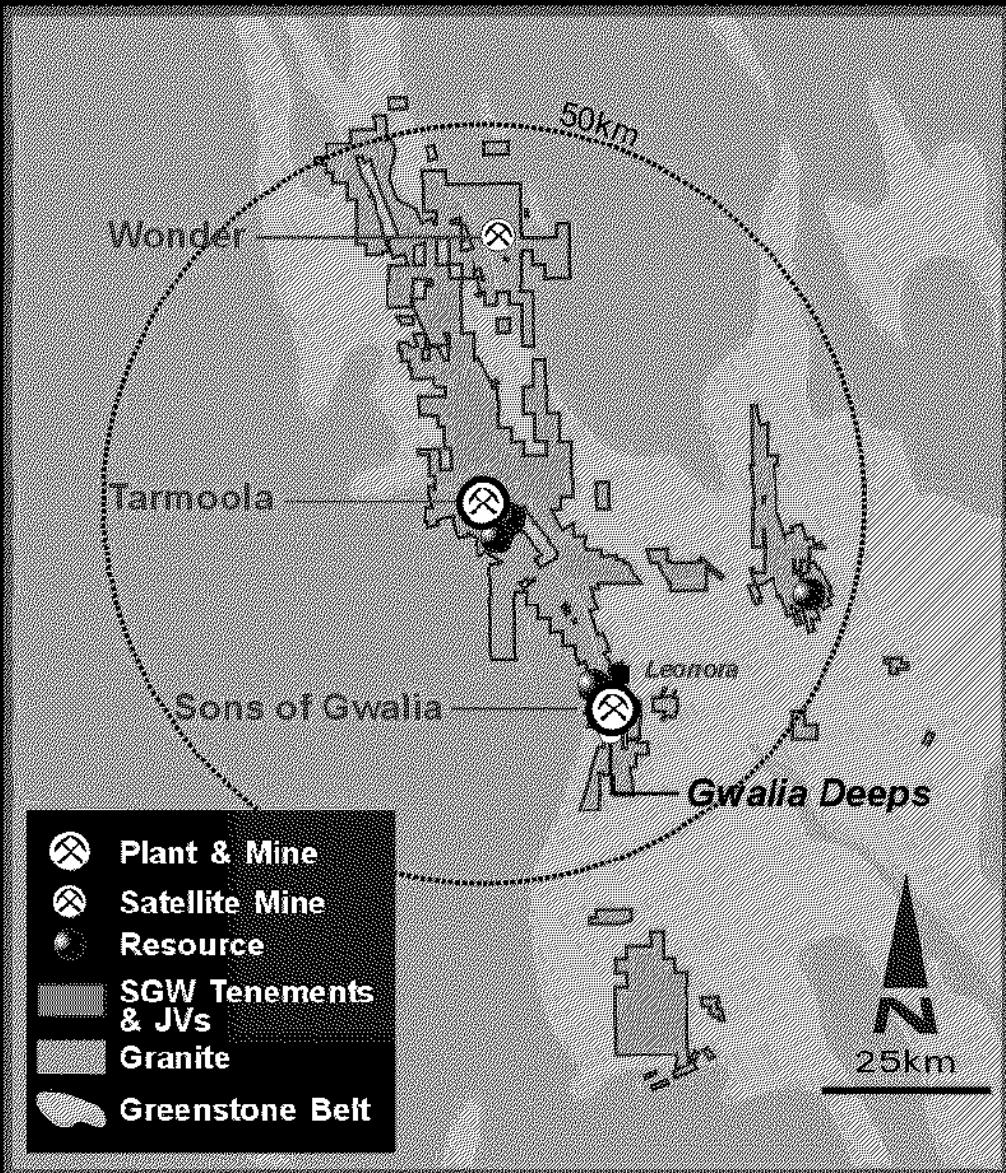


MARVEL LOCH PROPOSED UNDERGROUND MINE

Long Section



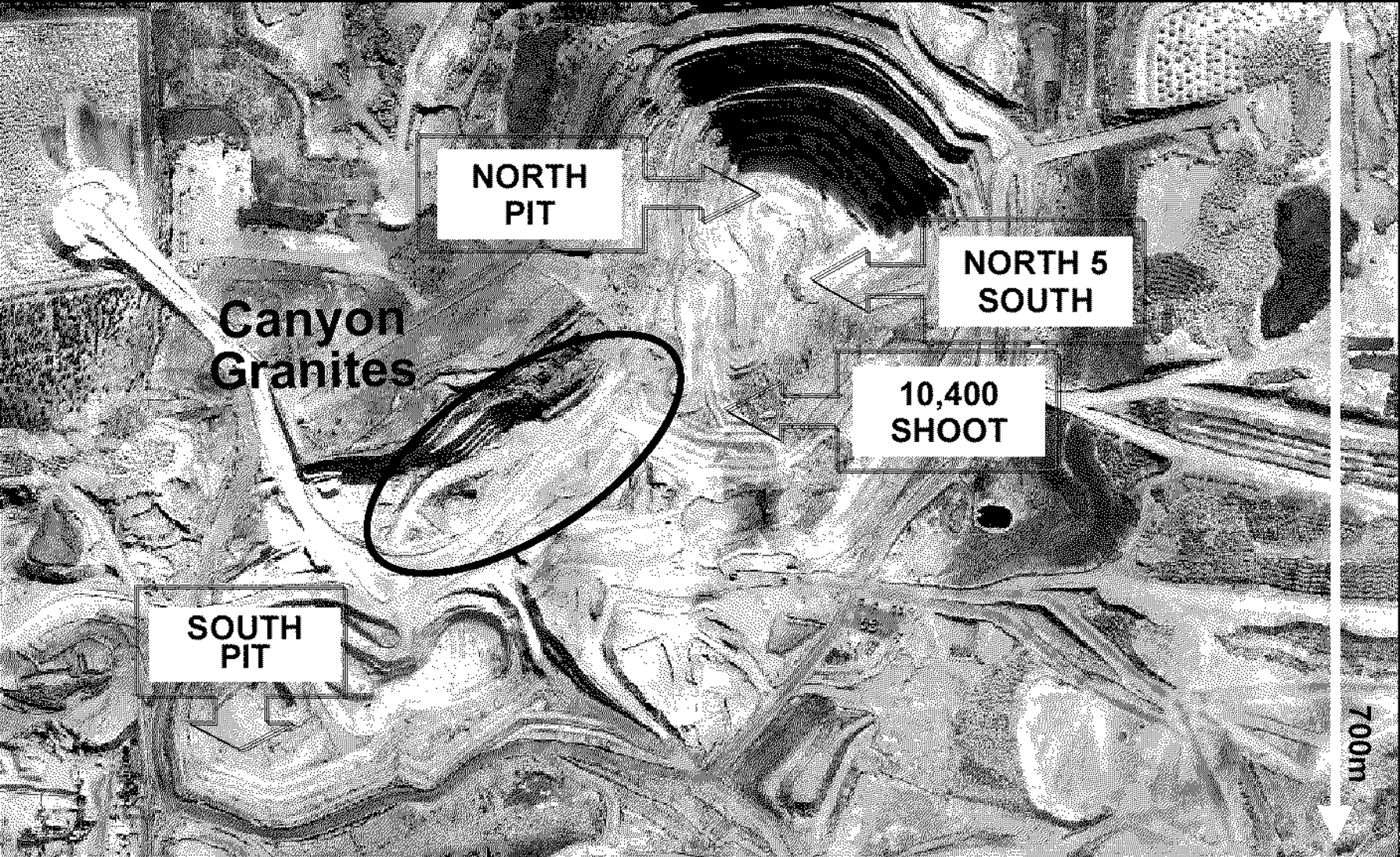
LEONORA REGION



- 2,200km² of prospective ground
- The Sons of Gwalia mine and mill to close in December quarter
- Tarmoola mine under review
- Gwalia Deeps 1.6Mozs pre-feasibility status



TARMOOLA PIT



TARMOOLA OPERATIONAL STRATEGY

Tarmoola Pit

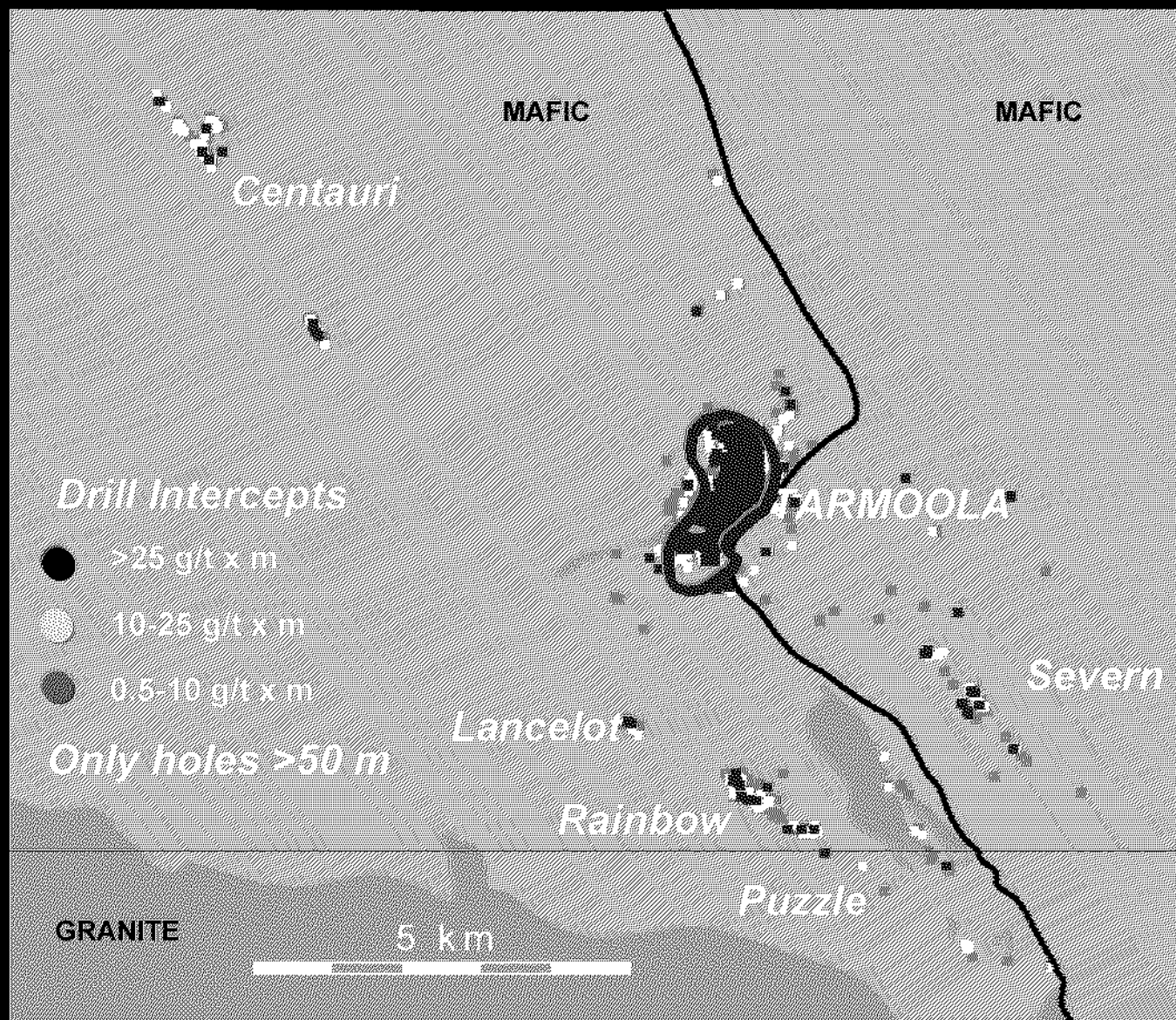
- **Drilling for bulk tonnage low strip ratio resources**
- **Higher tonnage key to lowering costs**
- **Recent results confirm gold associated with stockwork in granite**

Satellite Development

- **Kailis**
- **Rainbow**



TARMOOLA REGION



SONS OF GWALIA MINE

Production History

Gold production from 1987-1963	2.6Mozs
Gold production from 1983-2003	<u>1.5Mozs</u>
	4.1Mozs

- Over 20 years, the mine produced A\$350M in earnings
- Or A\$230/oz in earnings

**One of the Most Profitable
Gold Mines in Western Australia**



SONS OF GWALIA OPERATIONS

Sons of Gwalia Plant

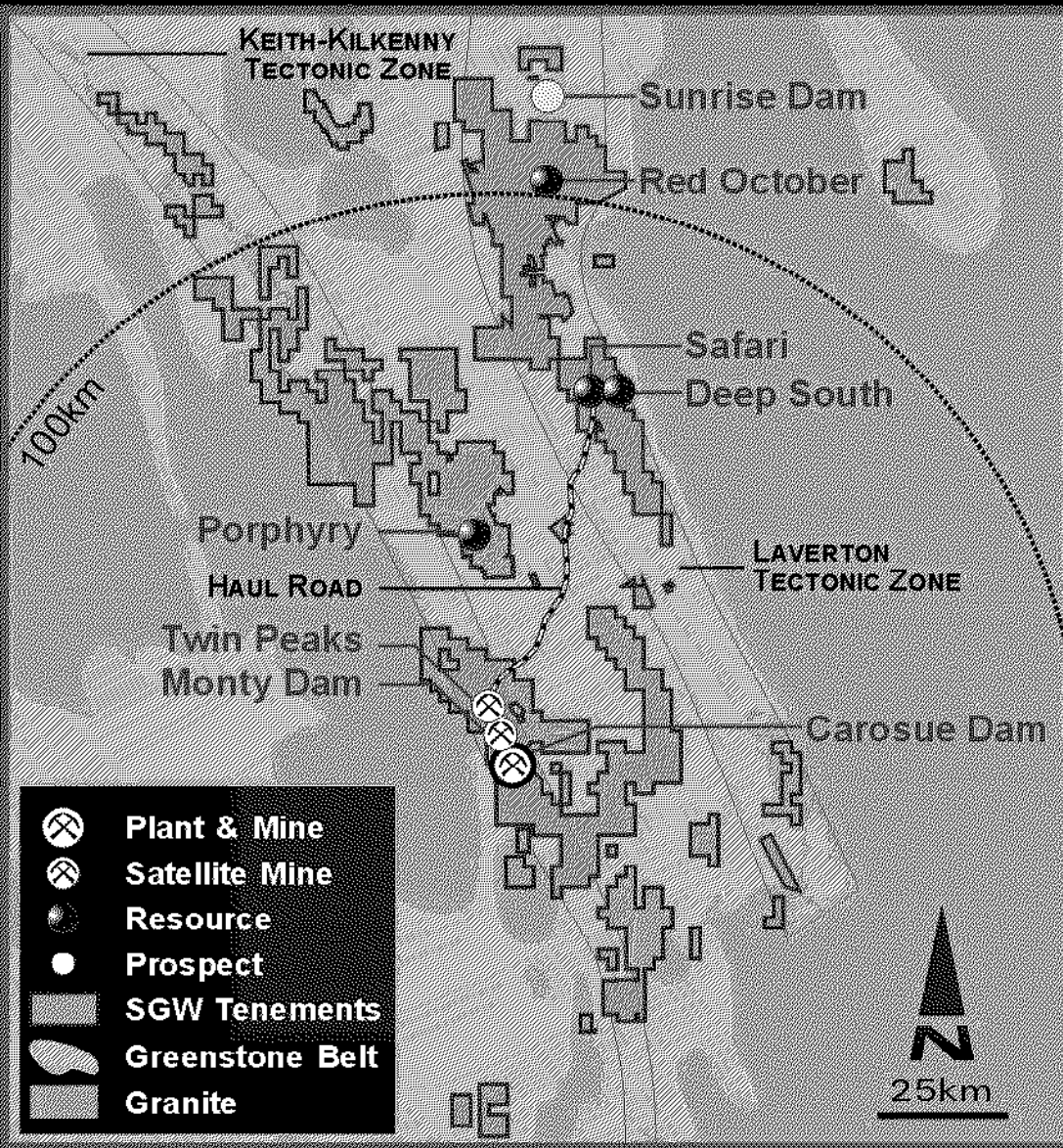
- **Underground Mine closing September 2003**
- **Milling will finish in December Quarter**

The Gwalia Deeps Project

- **Project scope being reassessed to reduce up-front capital expenditure estimate**
- **JV proposals received to date not attractive vs. 100% ownership**

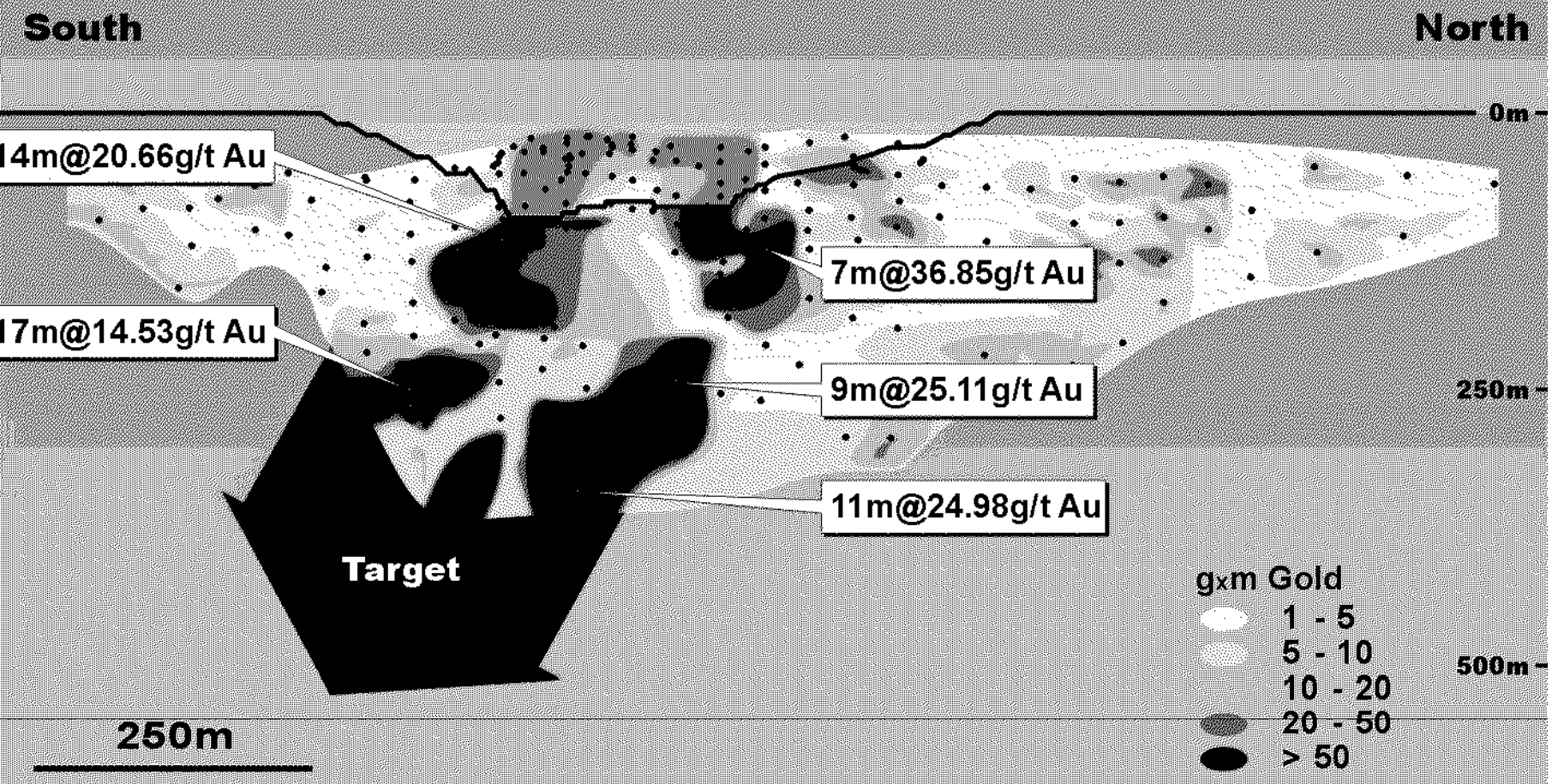


SOUTH LAVERTON REGION



- **3,000km² tenements**
- **Large, new 2.3Mtpa mill**
- **Excellent opportunities to add value through satellite operations**
 - Safari Bore
 - Deep South
 - Red October

RED OCTOBER - LONG SECTION



EXPLORATION AND GROWTH PROSPECTS

LEONORA

- Tarmoola
- Gwalia Deeps

SOUTH LAVERTON

- Safari/Deep South trend
- Red October Underground
- Carosue Mine Corridor

SOUTHERN CROSS

- Marvel Loch Underground
- Southern Cross Environs



GOLD DIVISION SUMMARY

- **Costs being reduced**
- **Lower but better quality production**
- **Return on assets not acceptable**
- **New projects to improve “quality” such as:**
 - **Marvel Loch Underground**
 - **Red October**
 - **Gwalia Deeps**

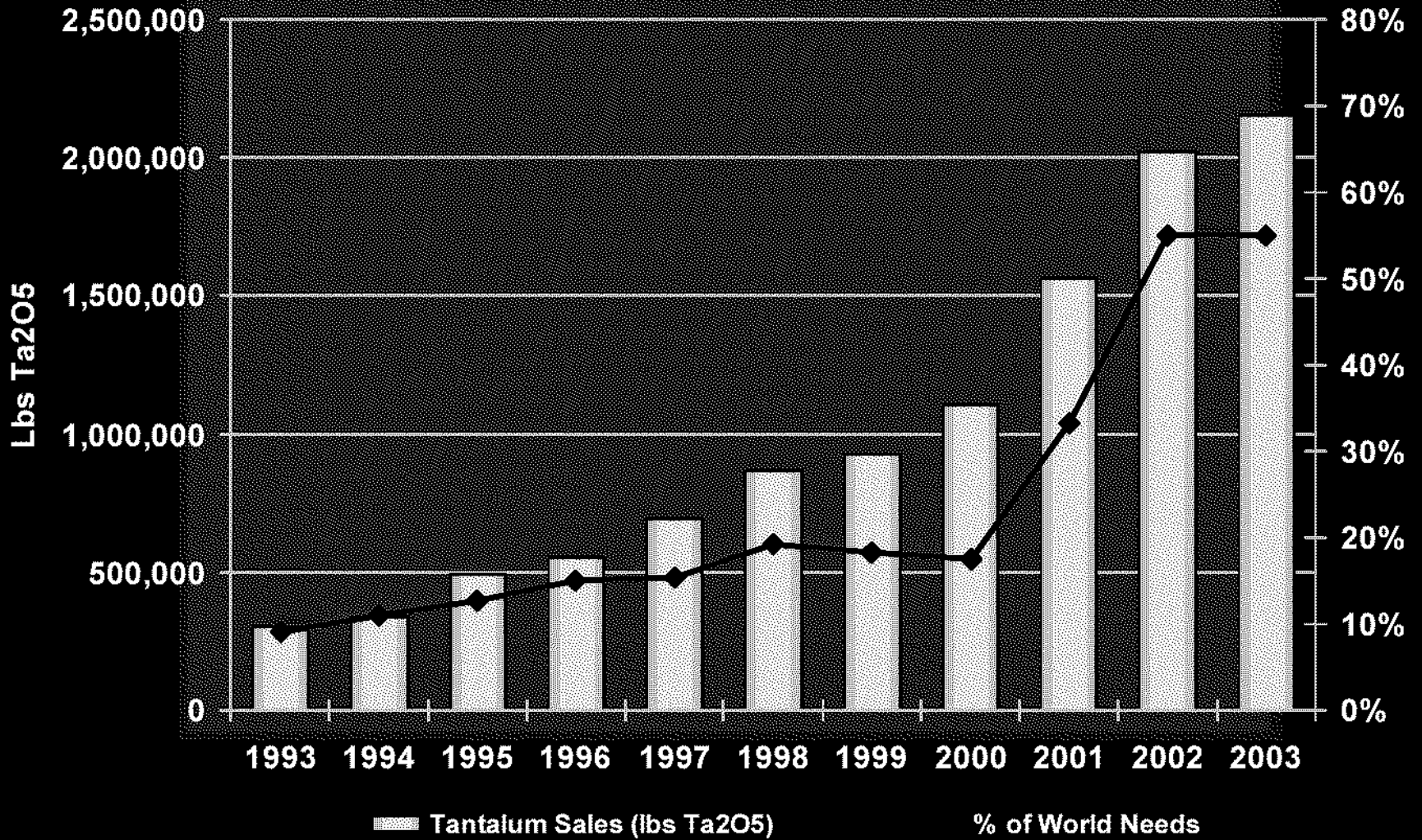


ADVANCED MINERALS

- Tantalum
- Lithium Minerals
- Mineral Sands

ADVANCED MINERALS DIVISION

A WORLD CLASS TANTALUM BUSINESS



TANTALUM BUSINESS

	<i>2003/04 Forecast</i>	<i>2002/03 Actual</i>
Production	2.2Mlbs Ta₂O₅	2,193,792lbs Ta₂O₅
Sales	2.1Mlbs Ta₂O₅	2,140,693lbs Ta₂O₅

**RECORD TANTALUM SALES & PRODUCTION
FOR 2002/03**



GREENBUSHES MINE



GREENBUSHES UNDERGROUND MINE

- **Maximum production of 1Mtpa or 700,000lbs Ta₂O₅**
- **Placed on Care & Maintenance - Dec 2002**
- **Examining a slower scale up mine plan to match market demand & lower operating costs**



0 mRL

0 mRL

0 mRL

0 mRL

PEGMATITE

UGDD025:
30.75m @ 595
g/t Ta2O5

UGDD021:
13.67m @ 501 g/t
Ta2O5

STOPE
OUTLINES

?

?

DRILLHOLE
INTERCEPTS

UGDD026: 32.5m
@ 575 g/t Ta2O5

UGDD027: 13.5m
@ 528 g/t Ta2O5

SURROUNDING
PEGMATITE GRADE
~250 g/t Ta2O5

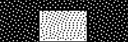
HP211: 29.12m
@ 992 g/t
Ta2O5

UGDD022:
39.41m @ 1179
g/t Ta2O5

UGDD023:
37.54m @ 738
g/t Ta2O5

RC149: 23m @
951 g/t Ta2O5

UGDD024:
15.72m @ 737
g/t Ta2O5



DECLINE

E-LODE PEGMATITE
HIGH-GRADE LENS

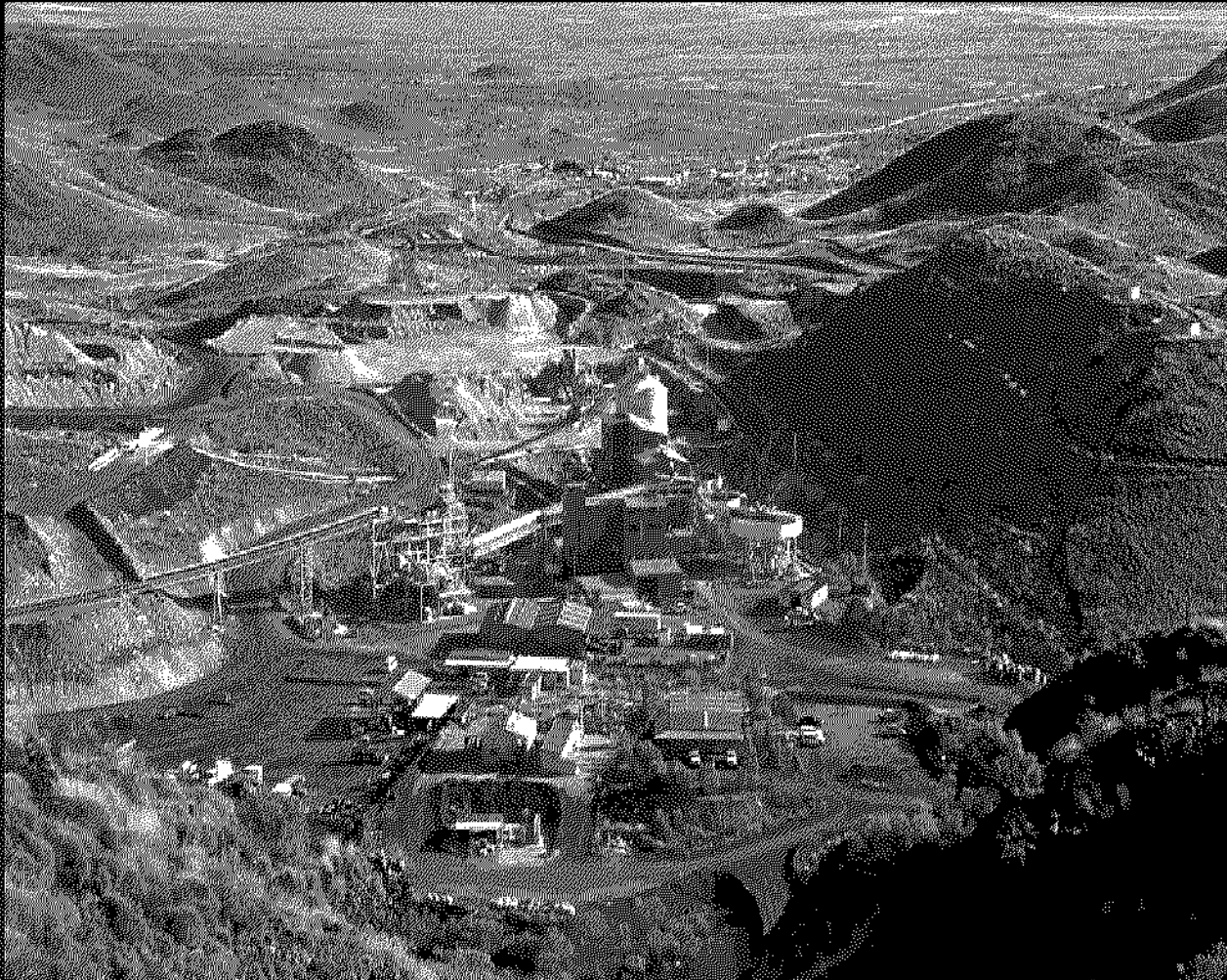
WIDE CONTINUOUS
HIGH-GRADE AREA: 20
x 20m DRILL SPACING
TO 1600m RL

GREENBUSHES UNDERGROUND

Upper Levels Drill Section 12735m N

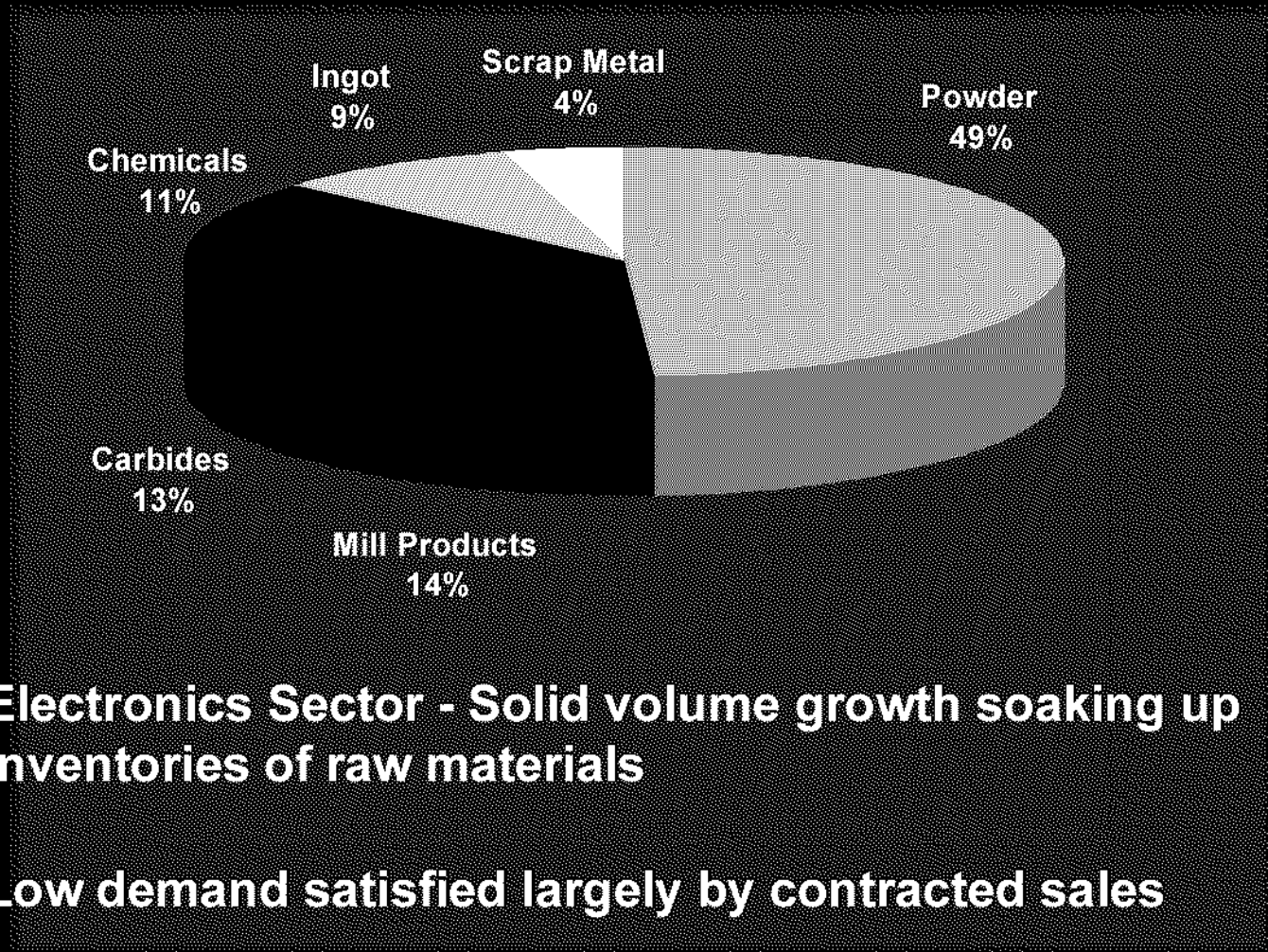


WODGINA MINE



**Now the largest lowest cost
hard rock tantalum mine in the world**

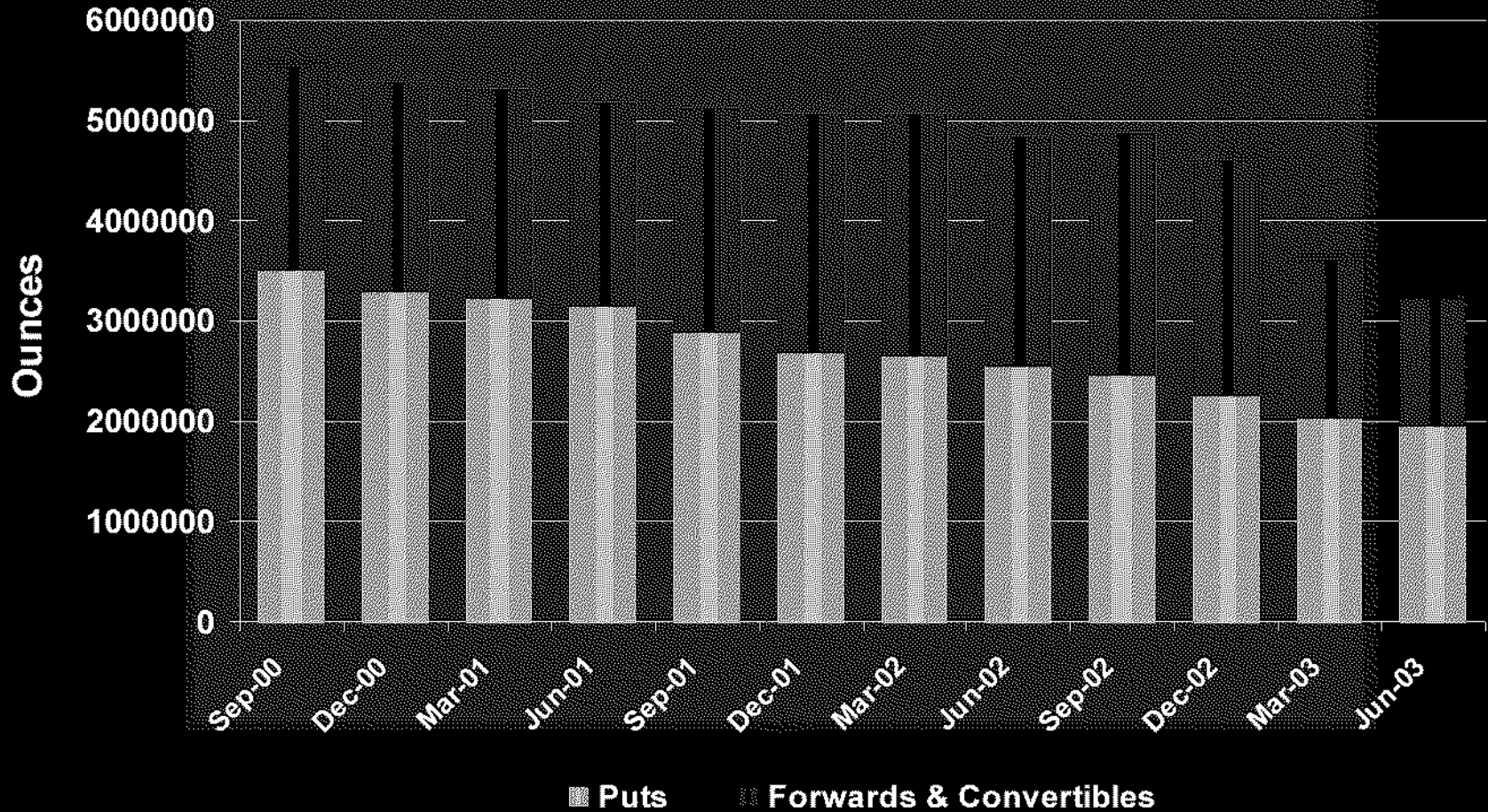
TANTALUM MARKET



- **Electronics Sector - Solid volume growth soaking up inventories of raw materials**
- **Low demand satisfied largely by contracted sales**
- **Ore Spot Market - pricing low & not representative**

REDUCING LEVELS OF GOLD HEDGING

Commitments reduced by more than 1Mozs in 2002/03.



GOLD HEDGING MAKES A POSITIVE CONTRIBUTION

	2002/03 \$/oz
Average Delivered Price	\$602
Average Spot Price	\$572
	<hr/>
	\$30
Production	577,702
Extra Cashflow	\$17M

FOREIGN EXCHANGE

Commitments reduced by US\$400M in 2002/03.

Hedging Commitments (US\$M)

FY2004 FY2005 FY2006 F2007-9

Forwards	73.4	4.0	44.1	248.1
Sold US\$ Calls	30.5	25.0	-	34.0
Sold Contingent US\$ Calls	48.4	187.6	84.6	-
Maximum Potential Hedging	152.3	216.6	128.7	282.1
Average Rate	0.6950	0.6900	0.7100	0.7050

SUMMARY - RECOVERING LOST GROUND

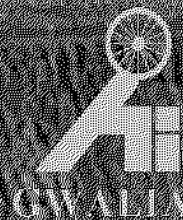
- **Organisational Change**
 - Reducing people numbers & removing duplication
 - Head Office to provide services
 - Lower gold cash costs
 - Better quality technical input
 - Improved operating performance

- **Reduction in Overheads**

- **Greater Control of Capital Allocation**

SUMMARY - RECOVERING LOST GROUND (cont.)

- **Continue to improve FX and Gold Hedge Books**
- **Reduction in Risk**
 - **Reduction in debt (inc. finance leases) ↓ by A\$50M since December 2002**
 - **Reduction in Gold and FX commitments**



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