



15 October 2003

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

Sent via ASX Online

Dear Sirs

### **CAPITAL RAISING ("Placement")**

Sons of Gwalia Ltd ("the Company") is pleased to announce the successful raising of \$63.6 million through the Placement of 19 million ordinary shares at a price of \$3.35 per share. As a result of strong demand, this represents an additional 2 million shares from that indicated in the announcement made on 14 October 2003.

The Placement was made to a wide range of Australian and offshore investors and was jointly managed by Macquarie Equity Capital Markets and Goldman Sachs JB Were. Priority was given to existing shareholders of the Company.

A Share Purchase Plan for shareholders will also be offered to shareholders at the same price as the Placement.

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.

### **PURPOSE**

The funds raised will be applied to the repayment of all existing Australian dollar bilateral debt facilities. These facilities will then be undrawn and will become available should they be required for working capital purposes in the future. Following this transaction, the only outstanding debt of the Company will be two tranches of US dollar Senior Private Notes totalling US\$170 million. Amortisation on these Notes does not commence until 2006.

The capital raised, combined with the operational improvements referred to below, will enhance the Company's position in terms of operating performance, future returns to shareholders and risk analysis.

As stated in the Company's recently released Quarterly Report, the Gold Division is exhibiting ongoing improvements in its production and cost performance.

A Five-Year Plan has been outlined which indicates gold production in excess of 500,000 ounces per annum for at least the next four years.

The Tantalum Division continues to operate solidly despite the difficult market conditions which have existed over the last few years. Profitability is underpinned by the fixed price and volume contracts in place until December 2005.

### **SHARE PURCHASE PLAN ("SPP")**

The Company intends to offer a SPP following the Placement to provide an opportunity for the Company's extensive shareholder base to participate in the capital raising. The SPP will be offered to shareholders who are registered in Australia or New Zealand ("Eligible Shareholders") in tranches up to A\$5,000 per shareholder at the same price as the Placement. The shares of the Company will trade ex-entitlement to the SPP with effect from the opening of trading on 15 October 2003.

The Company has received a waiver from the ASX to enable the SPP to be implemented without the need for shareholder approval.

The details of the SPP offer will be mailed to Eligible Shareholders within the next two weeks.

Shares issued under the SPP will rank equally with the Company's existing ordinary shares.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S Pearce', with a long horizontal stroke extending to the right.

**Stephen Pearce**  
**Company Secretary**