

WMC RESOURCES LTD  
Form 6-K  
August 19, 2004  
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# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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## **FORM 6-K**

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**REPORT ON FOREIGN ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Period: May 7, 2004 - August 13, 2004**

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## **WMC RESOURCES LTD**

**ACN 004 184 598**

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**Level 16, IBM Centre**

**60 City Road**

**Southbank, Victoria 3006**

**Australia**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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This report on Form 6-K includes press releases made during the period May 7, 2004 Aug 13, 2004

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

WMC RESOURCES LTD

By: /s/ R.E. Mallett

Name: R.E. Mallett

Title: Assistant Company Secretary

Date: 19 Aug 2004

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To: The Manager

Announcements

ASX Company Announcements Office

**Public Announcement 2004-18**

Please find attached media release from the South Australian Premier's office relating to WMC Resources decision to invest a further \$50 million over two years in a major study to determine whether there should be a multi-billion expansion of the Olympic Dam mine in South Australia's mid-north.

A copy of this public announcement will be published on WMC's web site at [www.wmc.com](http://www.wmc.com) later this morning.

Ross Mallett

**Assistant Company Secretary**

26 May 2004

**For further information please contact:**

Media contact:

Troy Hey

Group Manager - Public Affairs

Mbl: 0419 502 852

Investor/Analyst contact:

Adrian Fernando

Manager - Investor Relations

Mbl: 0438 068 049

**WMC Resources Ltd**  
ACN 004 184 598

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News Release

**Premier Mike Rann**

Minister for Economic Development

Minister for Social Inclusion

Minister for the Arts

Minister for Volunteers

Wednesday 26 May 2004

**\$50 MILLION STUDY TO GAUGE FUTURE OF OLYMPIC DAM**

WMC Resources Ltd today announced it will invest a further \$50 million over two years in a major study to determine whether there should be a multi-billion expansion of the Olympic Dam mine in South Australia's mid-north.

Premier Mike Rann says the SA Government is giving its full support to the study which will help WMC determine whether it should double the capacity of the mine at a cost of between \$2 billion and \$4 billion by the end of the decade.

The potential for the Olympic Dam mine is huge.

An expansion of this size could lead to the creation of hundreds of jobs and further growth in the population of the Roxby Downs township, which is already 4,000.

This would also help the State achieve many of the targets laid out in the State Strategic Plan including increasing minerals production to \$3 billion and increasing minerals processing by a further \$1 billion by 2020 as well as increasing SA's population to 2 million by 2050.

It should also help us in our target of trebling the value of SA's export income to \$25 billion by 2013.

At present, the Olympic Dam is the world's eighth largest copper deposit and largest known uranium deposit. Last year, it generated \$670 million in export income for Australia.

This has the potential to double if the expansion goes ahead, Mr Rann said.

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WMC has already invested \$4 billion in developing Olympic Dam, including \$600 million in the past three years and another \$80 million during this year in mine development.

Major activities for the next phase of the Study include:

an additional 72 km of drilling to improve understanding of the undeveloped southern deposit

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the assessment of mining and processing methods for the southern deposit and development of a whole-of- deposit mine plan;

environmental studies, including the scoping of a new Environmental Impact Statement;

a detailed investigation of options for future water and energy supply to the operation

preparation of a logistics plan for the operation, including the possibility of linking Olympic Dam to the rail network; and

identification of future land requirements, support for the Roxby Downs township and associated infrastructure

WMC Resources CEO, Andrew Michelmore says Olympic Dam is already Australia's largest underground mine and mineral processing operation.

Olympic Dam currently has an annual production capacity of 235 000 tonnes of copper, 4 500 tonnes of uranium and 100 000 ounces of gold.

Studies so far have shown that by extending underground mining, Olympic Dam could produce up to 350 000 tonnes of copper per year.

Open pit mining, when added to continuing underground operations, could increase copper production to in excess of 500 000 tonnes per annum.

By 2006, WMC will be in a position to identify a single preferred life of mine development plan for the total resource. That option would become the subject of a final feasibility study, Mr Michelmore said

The development study work will be in addition to ongoing assessment of Olympic Dam's future energy needs, including the option of connecting Olympic Dam to a natural gas network.

In its Study, WMC will work closely with the SA Economic Development Board and the State Government Task Force for further development of Olympic Dam, appointed by the Premier in 2002.

For further information contact Jill Bottrall on 8463 3362 or 0419 99 01 60.



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To: The Manager

Announcements

ASX Company Announcements Office

**Public Announcement 2004-20**

In accordance with Listing Rule 2.7 please find enclosed Appendix 3B, application for quotation of additional securities.

Ross Mallett

**Assistant Company Secretary**

7 July 2004

**WMC Resources Ltd**  
ABN 76 004 184 598

GPO Box 860K  
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**Appendix 3B**

**New issue announcement**

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*Rule 2.7, 3.10.3, 3.10.4, 3.10.5*

**Appendix 3B**

**New issue announcement,  
application for quotation of additional securities  
and agreement**

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

WMC Resources Ltd

ABN

74 004 184 598

We (the entity) give ASX the following information.

**Part 1 - All issues**

*You must complete the relevant sections (attach sheets if there is not enough space).*

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- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Fully paid ordinary shares.   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 346,500   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The securities in (2) above comprise of 346,500 shares arising from options which were exercised during the period. |

Option exercise prices and expiry dates are detailed in Attachment A .

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+ See chapter 19 for defined terms.

1/1/2003

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**Appendix 3B**

**New issue announcement**

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? Securities rank equally from date of allotment.

If the additional securities do not rank equally, please state:

the date from which they do

the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment

the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

5 Issue price or consideration Refer to Attachment A .

6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) Refer to Item 3 above.

7 Dates of entering +securities into uncertificated holdings or despatch of certificates Following allotment of shares

| <u>Number</u> | <u>+Class</u> |
|---------------|---------------|
|---------------|---------------|

|   |   |               |                             |
|---|---|---------------|-----------------------------|
| 8 | Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable) | 1,157,655,181 | Fully paid ordinary shares. |
|---|---|---------------|-----------------------------|

+ See chapter 19 for defined terms.

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**Appendix 3B**

**New issue announcement**

|   | <u>Number</u>   | <u>+Class</u>           |
|---|---|-------------------------|
| 9   | Number and +class of all +securities not quoted on ASX ( <i>including</i> the securities in clause 2 if applicable) | Refer to Attachment A . |
| 10  | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)                  | N/A.                    |
| <b>Part 2 - Bonus issue or pro rata issue</b> |   |                         |
| 11  | Is security holder approval required?   | _____                   |
| 12  | Is the issue renounceable or non-renounceable?  | _____                   |
| 13  | Ratio in which the +securities will be offered  | _____                   |
| 14  | +Class of +securities to which the offer relates  | _____                   |
| 15  | +Record date to determine entitlements  | _____                   |
| 16  | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?                  | _____                   |
| 17  | Policy for deciding entitlements in relation to fractions   | _____                   |
| 18  | Names of countries in which the entity has +security holders who will not be sent new issue documents               | _____                   |
|   | Note: Security holders must be told how their entitlements are to be dealt with.                                    |                         |
|   | Cross reference: rule 7.7.  | _____                   |
| 19  | Closing date for receipt of acceptances or renunciations  | _____                   |

+ See chapter 19 for defined terms.

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**Appendix 3B**

**New issue announcement**

|    |   |       |
|----|---|-------|
| 20 | Names of any underwriters   | _____ |
| 21 | Amount of any underwriting fee or commission  | _____ |
| 22 | Names of any brokers to the issue   | _____ |
| 23 | Fee or commission payable to the broker to the issue  | _____ |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   | _____ |
| 25 | If the issue is contingent on +security holders approval, the date of the meeting   | _____ |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  | _____ |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | _____ |
| 28 | Date rights trading will begin (if applicable)  | _____ |
| 29 | Date rights trading will end (if applicable)  | _____ |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   | _____ |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  | _____ |

+ See chapter 19 for defined terms.

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**Appendix 3B**

**New issue announcement**

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32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)? \_\_\_\_\_

33 <sup>+</sup>Despatch date \_\_\_\_\_

**Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

- (a)  Securities described in Part 1
- (b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37    A copy of any trust deed for the additional <sup>+</sup> securities

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+ See chapter 19 for defined terms.

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**Appendix 3B**

**New issue announcement**

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**Entities that have ticked box 34(b)**

- 38            Number of securities for which  
                 <sup>+</sup>quotation is sought
- 
- 39            Class of <sup>+</sup>securities for which  
                 quotation is sought
- 
- 40            Do the <sup>+</sup>securities rank equally in all  
                 respects from the date of allotment  
                 with an existing <sup>+</sup>class of quoted  
                 <sup>+</sup>securities?

If the additional securities do not  
rank equally, please state:

                 the date from which they do

                 the extent to which they  
participate for the next dividend, (in  
the case of a trust, distribution) or  
interest payment

                 the extent to which they do not  
rank equally, other than in relation to  
the next dividend, distribution or  
interest payment

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- 41            Reason for request for quotation now

Example: In the case of restricted  
securities, end of restriction period

(if issued upon conversion of another  
security, clearly identify that other  
security)

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|    | <u>Number</u>  | <u>+Class</u> |
|----|--|---------------|
| 42 | Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38) |               |

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+ See chapter 19 for defined terms.

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**Appendix 3B**

**New issue announcement**

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX s absolute discretion. ASX may quote the+securities on any conditions it decides.

2 We warrant the following to ASX.

The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

There is no reason why those +securities should not be granted +quotation.

An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

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+ See chapter 19 for defined terms.

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**Appendix 3B**

**New issue announcement**

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before <sup>+</sup>quotation of the <sup>+</sup>securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:        Ross E. Mallett  
                      (Assistant Company Secretary)

Date: 7 July 2004

Print name:       Ross E. Mallett

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+ See chapter 19 for defined terms.

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30 June 2004

**Attachment A****Details of Securities Issued**

|                                       | <u>Shares</u>  | <u>Issue Price</u> | <u>Issue Date</u> | <u>Expiry Date</u> | <u>Description</u>                      | <u>Share Capital</u> |
|---------------------------------------|----------------|--------------------|-------------------|--------------------|---|----------------------|
|                                       | 36,700         | \$ 3.90            | 20.12.1999        | 20.12.04           | <b>Employee Options Exercised</b>       | 143,130              |
|                                       | 41,000         | \$ 3.48            | 18.12.2000        | 18.12.05           |   | 142,680              |
|                                       | 76,300         | \$ 4.33            | 30.11.2001        | 30.11.06           |   | 330,379              |
|                                       | 192,500        | \$ 4.34            | 23.12.2002        | 23.12.07           |   | 835,450              |
| <b>Total Shares Issued</b>            | <b>346,500</b> |                    |                   |                    |   | <b>1,451,639</b>     |
| <b>(Exercise of Employee Options)</b> |                |                    |                   |                    |   |                      |
| <b>Shares to be Quoted</b>            | <b>346,500</b> |                    |                   |                    | <b>Total Share Capital to be Quoted</b> | <b>\$ 1,451,639</b>  |

**Details of Securities Not Quoted on the ASX****Unquoted Securities**

| <u>as at 31/03/04</u> | <u>Description</u>   | <u>Options exercised</u> | <u>Options lapsed</u> | <u>Options issued</u> | <u>Unquoted Securities As at 30/06/04</u> |
|-----------------------|--|--------------------------|-----------------------|-----------------------|---|
| 1,258,475             | (a) employee options expiring 20/12/2004 exercisable at \$3.90 | 36,700                   | 0                     |                       | 1,221,775                                 |
| 1,571,200             | (b) employee options expiring 18/12/2005 exercisable at \$3.48 | 41,000                   | 0                     |                       | 1,530,200                                 |
| 3,911,700             | (c) employee options expiring 30/11/2006 exercisable at \$4.33 | 76,300                   | 0                     |                       | 3,835,400                                 |
| 7,119,962             | (d) employee options expiring 23/12/2007 exercised at \$4.34   | 192,500                  | 0                     |                       | 6,927,462                                 |
| <b>13,861,337</b>     | <b>TOTAL OPTIONS</b>   | <b>346,500</b>           | <b>0</b>              |                       | <b>13,514,837</b>                         |

|  |                      |
|--|----------------------|
| <b>Quoted Securities as at 31.03.04</b>                          | 1,157,308,681        |
| <b>plus Securities subject to this application for quotation</b> | 346,500              |
| <b>TOTAL SECURITIES TO BE QUOTED ON ASX</b>                      | <b>1,157,655,181</b> |

ValueFee

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|                                 |                    |
|---------------------------------|--------------------|
| <u>1,451,639 Issued Capital</u> |                    |
| In excess of: 500,000           | \$ 2,350.00        |
| Excess 951,639 @ 0.12250006%    | \$ 1,165.76        |
|                                 | <hr/>              |
| <b>Total Fee</b>                | <b>\$ 3,515.76</b> |
|                                 | <hr/>              |

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To: The Manager

Announcements

ASX Company Announcements Office

**Public Announcement 2004-21**

**Release of Quarterly Review**

Please find attached for immediate release, Public Announcement 2004-21 covering WMC Resources Ltd's June 2004 Quarterly Review.

A copy of this public announcement will be published on WMC's web site at [www.wmc.com](http://www.wmc.com) later this morning.

WMC's Chief Executive Officer, Mr Andrew Michelmore, will host an audio conference at 11.00am this morning which will be broadcast live from WMC's web site. A recording of this conference will be available for playback on WMC's web site this afternoon.

Ross Mallett

**Assistant Company Secretary**

15 July 2004

**WMC Resources Ltd**  
ACN 004 184 598

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**HEALTH, SAFETY & ENVIRONMENT**

**Safety and Environment**

The lost time plus medically treated injury frequency rate (IFR) for the year to 30 June 2004 is slightly above rates achieved in 2003. While our total injury rate has not improved, the overall severity of injuries is significantly lower than experienced in previous years. Reflecting this, the lost time injury rate stands at 1.8 at the end of June compared with the full year 2003 result of 3.2.

During the quarter we commenced remediation works at the Yeelirrie uranium project site in Western Australia. The rehabilitation plan has been developed with the approval of the State Mining Engineer and Radiological Council of WA and is expected to be completed by year end.

Health, safety and environment performance data are also available at [www.wmc.com/sustainability](http://www.wmc.com/sustainability).

Note: Unless otherwise stated, comparisons contained in this production report are quarter on previous quarter. Statements, particularly those regarding the possible or assumed future performance, production levels, prices, reserves, divestments, growth or other trend projections are or may be forward looking statements. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors including known and unknown risks and uncertainties.

**WMC RESOURCES SHARE PRICE**

**OVERVIEW**

30 - June

Dear Shareholder,

Improved reliability and consistency at Olympic Dam and completion of major maintenance at our nickel operations position us well for a strong second half.



## Edgar Filing: WMC RESOURCES LTD - Form 6-K

Record smelter throughput at Olympic Dam contributed to higher copper production for the quarter and cathode production is expected to increase further in the second half of the year. Mine production was down slightly on the previous quarter. A work program to address this is being implemented.

Nickel production was on plan for the quarter and we are on track to meet our full year targets.

Acid availability constrained fertilizer production during the quarter and full year production is now expected to be 900,000 tonnes.

A revised management structure, with an expanded focus on growth and business development opportunities, was introduced during the quarter. The next stage of the Olympic Dam Development study pre-feasibility work has begun and drilling commenced at the Yakabindie nickel project.

Our focus remains on safe, consistent and reliable performance. I am especially pleased with our nickel operations delivering to plan and the significant improvements in reliability at Olympic Dam in a continued period of strong commodity prices.

A G MICHELMORE

Chief Executive Officer

15 July 2004

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**QUARTERLY REVIEW**

**QUARTER ENDED 30 JUNE 2004**

**WMC RESOURCES LTD**

**(ABN 78 004 184 596)**

**PRODUCTION OVERVIEW**

**Copper & Uranium**

A continued focus on reliability at Olympic Dam contributed to record smelter throughput for the quarter and higher cathode production. The higher utilisation rates achieved at the smelter are expected to contribute to higher cathode production in the second half of the year, with full year production expected to be in the 220-230kt range.

Mine production was down slightly on the previous quarter. A work program for the second half of 2004 has been designed to ramp-up mining rates. This will address the availability of production stopes, development rates, ventilation and backfill requirements. Surface stocks will continue to be processed to support production.

The newly commissioned copper solvent extraction plant ramped up to full capacity during the quarter and will contribute to improved second half production.

The uranium solvent extraction plant is performing consistently well with uranium recoveries for the half exceeding design capacity.

**Nickel**

Nickel production was on plan for the quarter and we are on track to meet our full year targets.

During the quarter we took the opportunity to advance some components of smelter maintenance previously planned for 2005. This provides us with the flexibility to maximise output in 2005 without affecting 2004 production.

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The key maintenance task was replacement of the reaction shaft roof of the smelter furnace. An innovative prefabrication approach enabled the work to be completed in 13 days compared to the 28 days originally scheduled for 2005. The smelter was re-commissioned in late June, with production returning to normal in early July. Concentrate and ore stocks were built-up during the outage and the smelter is well positioned for a strong second half of the year.

Concentrate production at both Mount Keith and Leinster was lower than the prior quarter, in line with expectations. At Mount Keith, the first ore from Stage F was processed, and production was supplemented by the processing of lower grade stockpiled ores.

Continued strong metallurgical recoveries at Leinster partially offset a reduction in ore grades. Utilisation of smaller equipment has enabled the mining of remnant ore from the Harmony open pit. Mining of this ore is expected to continue during the September quarter, with processing continuing through to year end.

Overburden removal has commenced at the new 11 Mile Well satellite open pit near Leinster. The mine is expected to yield a total of 6,000 tonnes of nickel-in-concentrate in 2005.

The Perseverance 6 11 Level development project is continuing to plan with decline access to the 11 Level achieved during the quarter.

Concentrate production at Kambalda was 19 per cent higher, reflecting increased ore deliveries from nickel mines in the area. Output is expected to increase further in coming quarters.

Production of nickel metal at the Kwinana refinery has returned to full rates following completion of the three-yearly major maintenance shutdown. Debottlenecking work was also undertaken during the outage to enable the refinery to increase capacity to 70,000 tonnes per annum rates by year end.

### **Fertilizers**

Fertilizer production was constrained by reduced sulphuric acid supplies following welding repairs on the converter at the Mount Isa acid plant. Consequently, fertilizer production for the full year is now expected to be about 900,000 tonnes.

We are addressing the cause of the premature failure of the welds on the converter with the equipment supplier. Acid production has since returned to full capacity.

### **MANAGEMENT RESTRUCTURE**

The senior management team has been restructured to enhance our capacity to assess growth and business development opportunities while maintaining our focus on consistent and reliable production performance.

Under the new structure, Alan Dundas takes on the role of EGM Nickel and Seamus French has been appointed EGM Copper Uranium. A new Fertilizers and Industrial Minerals group has been created to incorporate Queensland Fertilizer Operations, Hi Fert and Corridor Sands. We are well advanced in an external search for an EGM Fertilizers and Industrial Minerals. In the interim, Mike Nossal, EGM Business Strategy and Development, has taken accountability for this business.

## **BUSINESS DEVELOPMENT**

### **Olympic Dam**

Work has commenced on the next phase of the Olympic Dam Development Study. The study will focus on leveraging the already significant investment at Olympic Dam and provide a life of mine plan to guide ongoing development. By 2006 WMC will be in a position to identify a single preferred development plan. That option will become the subject of a final feasibility study and could potentially increase copper production levels to 350ktpa through underground expansion or to 500ktpa through an open pit.

### **Nickel**

On 18 June we entered into a conditional agreement to sell our Lanfranchi nickel mine and associated tenements at Kambalda for A\$26M. This sale concludes our strategy of selling mature nickel mines at Kambalda and participating in the benefits that a third party can yield from the remaining resource.

Drilling for the pre-feasibility study at Yakabindie has commenced with eight drill holes completed during the quarter. Fresh core samples are currently undergoing metallurgical evaluation.

### **Exploration**

Near mine exploration advanced at Cliffs and Collurabbie during the quarter. Exploration and assessment of opportunities continue globally for nickel sulphides (Africa, North America, China) and for copper-gold deposits (Africa, North and South America).

WMC RESOURCES LTD ABN 76 004 184 598

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**QUARTERLY REVIEW**

**QUARTER ENDED 30 JUNE 2004**

**WMC RESOURCES LTD**

**(ABN 78 004 184 596)**

**TAXATION**

As a result of strong taxable income generation in 2003 and continued strong profitability in 2004, we anticipate that substantially all of our known tax losses will be brought to account in the current year. This should result in an accounting tax credit of around 5 to 10 per cent during both halves of 2004 subject to profitability levels. We believe that we are unlikely to pay cash tax until 2006.

We are currently evaluating the benefits, if any, which may arise from entering the tax consolidations regime and will advise this once determined.

**2004 CALENDAR**

Half year financial results will be released on 11 August 2004. We will release our September Quarterly Review on 14 October 2004.

WMC RESOURCES LTD ABN 76 004 184 598

**Table of Contents****QUARTERLY REVIEW****QUARTER ENDED 30 JUNE 2004****WMC RESOURCES LTD**

(ABN 78 004 184 596)

**PRODUCTION SUMMARY**

|   | Quarter<br>ended | Quarter<br>ended | Quarter<br>ended |
|---|------------------|------------------|------------------|
|   | 30 June 2004     | 31 Mar 2004      | 30 June 2003     |
| <b>Olympic Dam Operations</b>           |                  |                  |                  |
| Copper (tonnes of refined copper)       | 54,785           | 47,974           | 49,644           |
| Uranium Oxide concentrate (tonnes)      | 1,020            | 1,205            | 764              |
| Gold (ounces)                           | 22,266           | 12,110           | 23,371           |
| Silver (ounces)                         | 232,194          | 127,190          | 173,340          |
| <b>Nickel (tonnes contained nickel)</b> |                  |                  |                  |
| Kambalda Nickel Operations              | 7,058            | 5,938            | 7,100            |
| Leinster Nickel Operations              | 8,639            | 11,308           | 10,099           |
| Mount Keith Operations                  | 9,577            | 11,526           | 11,590           |
| Total nickel-in-concentrate             | 25,274           | 28,772           | 28,789           |
| Total nickel-in-matte                   | 18,774           | 27,074           | 21,923           |
| Total nickel metal                      | 16,893           | 11,655           | 14,498           |
| <b>Phosphate Hill</b>                   |                  |                  |                  |
| Di-ammonium phosphate (tonnes)          | 107,677          | 166,929          | 168,075          |
| Mono-ammonium phosphate (tonnes)        | 79,751           | 59,790           | 70,726           |
| Total Fertilizer (tonnes)               | 187,428          | 226,719          | 238,801          |

A statistical supplement providing a detailed breakdown of WMC production results is on our home page at <http://www.wmc.com>

WMC RESOURCES LTD ABN 76 004 184 598

**Table of Contents****QUARTERLY REVIEW****QUARTER ENDED 30 JUNE 2004****WMC RESOURCES LTD**

(ABN 78 004 184 596)

**COMMODITY AND CURRENCY HEDGING**

The table below shows both the rates at which the open hedge transactions are contracted with third parties to determine the cash flow impact for each hedge and the fair valued rates for determining the profit and loss impact.

**Hedging as at 30 June 2004**

| Period | Forward Sale of US\$ |               | Non-limiting Cover |               | Profit & Loss |
|--------|----------------------|---------------|--------------------|---------------|---------------|
|        | Amount               | Cash Flow     | Amount             | Cash Flow     |               |
|        | US\$m                | Rate A\$/US\$ | US\$m              | Rate A\$/US\$ |               |
| 2004   | 114                  | 0.6720        | 36                 | 0.6402        | 0.5289        |

\* The legacy hedges were fair valued at the date of demerger. Consequently, the profit and loss for each hedge will be determined by the difference between a particular hedge's fair valued rate and the spot price at the date of the hedge's maturity.

**Deferred profits**

Profits arising on the close out of the legacy hedge book during 2003 have been deferred and will be recognised during 2004 to 2010 as shown in the tables below.

|      | Currency |    | Gold   |     |
|------|----------|----|--------|-----|
|      | (A\$m)   |    | (A\$m) |     |
|      | 1H       | 2H | 1H     | 2H  |
| 2004 |          |    |        | 2.0 |

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|      |      |      |     |     |
|------|------|------|-----|-----|
| 2005 | 54.5 | 60.2 | 1.2 | 1.6 |
| 2006 | 37.3 | 41.8 | 1.1 | 1.4 |
| 2007 | 40.5 | 42.1 | 1.2 | 1.6 |
| 2008 | 45.9 | 44.6 | 1.1 | 1.5 |
| 2009 |      |      | 1.3 | 1.7 |
| 2010 |      |      | 1.4 | 1.8 |

### Deferred cashflows

In 2001 some foreign exchange and gold hedges were reversed as a result of the gold asset sales. The profit and loss on these transactions was realised in 2001 and the cash outflow was scheduled to occur as shown in the table below.

|      | (A\$m) |
|------|--------|
| 2004 | 17.2   |
| 2005 | 37.3   |
| 2006 | 28.5   |
| 2007 | 23.4   |
| 2008 | 21.2   |

During the quarter we took advantage of our strong cash inflows to arrange the early repayment of these amounts.

A total payment of A\$107M was made to clear A\$127M of these outstandings, with the A\$20M reduction against the scheduled payment profile reflecting the time value of money at Australian dollar interest rates.

An amount of A\$0.7M cash outflow remains deferred at 30 June 2004 and will mature in the second half of 2004.

WMC RESOURCES LTD ABN 76 004 184 598



**Table of Contents****WMC Resources Ltd Quarterly Statistical Supplement - Total Production****Quarter Ended 30 June 2004**

|  | Quarter ending<br>30/06/2004 |                 | Quarter ending<br>31/03/2004 |                 | Quarter ending<br>31/12/2003 |                 | Quarter ending<br>30/09/2003 |                 | Quarter ending<br>30/06/2003 |                 |
|--|------------------------------|-----------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|-----------------|------------------------------|-----------------|
| <b>COPPER &amp; URANIUM - OLYMPIC DAM OPERATIONS</b> |                              |                 |                              |                 |                              |                 |                              |                 |                              |                 |
| <b>COPPER</b>  | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 |
| Ore hoisted  | 1,932,556                    |                 | 2,260,224                    |                 | 2,575,092                    |                 | 2,281,673                    |                 | 2,089,739                    |                 |
|  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  |
| Ore treated and head grade                           | 2,100,103                    | 2.36            | 2,364,103                    | 2.40            | 1,959,037                    | 2.50            | 2,151,125                    | 2.45            | 2,334,685                    | 2.19            |
| Concentrate smelted                                  | 127,979                      | 45.5            | 110,919                      | 49.6            | 67,723                       | 50.3            | 64,322                       | 51.3            | 125,159                      | 47.4            |
|  | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 |
| Copper cathode produced                              | 54,785                       |                 | 47,974                       |                 | 33,420                       |                 | 35,337                       |                 | 49,644                       |                 |
|  | <b>tonnes</b>                | <b>kg/tonne</b> | <b>tonnes</b>                | <b>kg/tonne</b> | <b>tonnes</b>                | <b>kg/tonne</b> | <b>tonnes</b>                | <b>kg/tonne</b> | <b>tonnes</b>                | <b>kg/tonne</b> |
| Uranium oxide concentrate produced & head grade      | 1,020                        | 0.65            | 1,205                        | 0.63            | 898                          | 0.62            | 906                          | 0.65            | 764                          | 0.64            |
|  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  |
| Refined gold produced & head grade                   | 22,266                       | 0.46            | 12,110                       | 0.46            | 18,904                       | 0.45            | 16,910                       | 0.46            | 23,371                       | 0.48            |
|  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  | <b>ounces</b>                | <b>g/tonne</b>  |
| Refined silver produced & head grade                 | 232,194                      | 5.15            | 127,190                      | 4.87            | 164,757                      | 5.11            | 113,632                      | 4.90            | 173,340                      | 4.32            |
| <b>NICKEL</b>  |                              |                 |                              |                 |                              |                 |                              |                 |                              |                 |
| Ore treated and head grade                           | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  |
| Kambalda Nickel Operations*                          | 251,592                      | 3.08            | 170,282                      | 3.83            | 204,016                      | 3.56            | 178,990                      | 3.62            | 218,327                      | 3.57            |
| Leinster Nickel Operations                           | 595,408                      | 1.69            | 676,596                      | 1.95            | 621,748                      | 2.13            | 664,652                      | 1.92            | 581,944                      | 2.02            |
| Mount Keith Nickel Operations                        | 2,850,550                    | 0.52            | 2,673,931                    | 0.61            | 2,974,189                    | 0.66            | 2,838,202                    | 0.66            | 2,698,898                    | 0.59            |
| Concentrate produced & concentrate grade             | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  | <b>tonnes</b>                | <b>grade %</b>  |
| Kambalda Nickel Operations                           | 53,364                       | 13.2            | 42,595                       | 13.9            | 45,930                       | 14.3            | 41,821                       | 13.9            | 50,748                       | 14.0            |
| Leinster Nickel Operations                           | 79,741                       | 10.8            | 95,425                       | 11.9            | 93,661                       | 12.1            | 89,509                       | 11.9            | 84,963                       | 11.9            |
| Mount Keith Nickel Operations                        | 41,922                       | 22.8            | 57,212                       | 20.1            | 70,681                       | 20.6            | 66,366                       | 20.6            | 54,386                       | 21.3            |
| Nickel contained in concentrate                      | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 |
| Kambalda Nickel Operations                           | 7,058                        |                 | 5,938                        |                 | 6,576                        |                 | 5,828                        |                 | 7,100                        |                 |
| Leinster Nickel Operations                           | 8,639                        |                 | 11,308                       |                 | 11,340                       |                 | 10,667                       |                 | 10,099                       |                 |
| Mount Keith Nickel Operations                        | 9,577                        |                 | 11,526                       |                 | 14,586                       |                 | 13,661                       |                 | 11,590                       |                 |
| <b>Total</b>   | <b>25,274</b>                |                 | <b>28,772</b>                |                 | <b>32,502</b>                |                 | <b>30,156</b>                |                 | <b>28,789</b>                |                 |
| Smelter feed & matte produced (tonnes)               | <b>Feed</b>                  | <b>Matte</b>    | <b>Feed</b>                  | <b>Matte</b>    | <b>Feed</b>                  | <b>Matte</b>    | <b>Feed</b>                  | <b>Matte</b>    | <b>Feed</b>                  | <b>Matte</b>    |
| Kalgoorlie Nickel Smelter                            | 149,911                      | 27,046          | 192,053                      | 39,628          | 188,631                      | 39,654          | 194,407                      | 43,688          | 167,471                      | 31,854          |
| Nickel contained in matte                            | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 |
| Kalgoorlie Nickel Smelter                            | 18,774                       |                 | 27,074                       |                 | 27,346                       |                 | 27,799                       |                 | 21,923                       |                 |
| Matte treated  | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 |
| Kwinana Nickel Refinery                              | 24,866                       |                 | 17,989                       |                 | 26,354                       |                 | 20,867                       |                 | 21,706                       |                 |
| Nickel packaged                                      | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 |
| Kwinana Nickel Refinery                              | 16,893                       |                 | 11,655                       |                 | 17,780                       |                 | 13,969                       |                 | 14,498                       |                 |
| <b>FERTILIZER - PHOSPHATE HILL</b>                   |                              |                 |                              |                 |                              |                 |                              |                 |                              |                 |
|  | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 | <b>tonnes</b>                |                 |
| DAP  | 107,677                      |                 | 166,929                      |                 | 215,412                      |                 | 173,441                      |                 | 168,075                      |                 |
| MAP  | 79,751                       |                 | 59,790                       |                 | 32,839                       |                 | 27,484                       |                 | 70,726                       |                 |
| <b>Total Fertilizer</b>                              | <b>187,428</b>               |                 | <b>226,719</b>               |                 | <b>248,251</b>               |                 | <b>200,925</b>               |                 | <b>238,801</b>               |                 |

\* Purchased feed.

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Date: 29 July 2004

**Public Announcement 2004-22**

**WMC and Jinchuan sign strategic alliance for joint exploration in China**

WMC Resources Ltd (WMC) and China's largest nickel producer, Jinchuan Group Limited (Jinchuan) this week signed an Exploration Co-operation Agreement that will see the two companies form a partnership to explore for nickel in China.

Under the agreement, the two companies will form a strategic alliance to explore for nickel sulphides and associated metals in Jinchuan's home province of Gansu in central China and in other parts of China.

The partnership will be owned and funded on a 50-50 basis, with WMC and Jinchuan sharing the cost of any agreed exploration programs. Exploration tenements in the area of interest have already been secured under the agreement.

The board and management team for the joint venture company to be formed out of the partnership will be drawn from WMC and Jinchuan.

The agreement also carries provisions for advanced joint exploration, development and mining of any nickel sulphide ore bodies discovered within the area of interest, and Jinchuan will have a first right of purchase, linked to international commercial terms, for nickel produced.

The agreement was signed in Melbourne this week by WMC Resources' Chief Executive Officer, Mr Andrew Michelmore and Jinchuan Group's President and Chairman, Mr Li Yong-jun.

This agreement is based on a set of shared principles. It has been forged out of a valued, long-term relationship between WMC and Jinchuan. It is underpinned by mutual understanding and a co-operative, positive approach, Mr Michelmore and Mr Li said in a joint statement.

The agreement is the next step in a 16-year relationship between the Australian and Chinese companies, both of whom are their country's biggest nickel producers.

The signing of this agreement was witnessed by Mr Zhang Chong, Director of the Department of Land and Resources of Gansu Province, as a representative of the Gansu Provincial Government.

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Mr Zhang Chong commented: The Government of Gansu Province strongly supports the cooperation between WMC and Jinchuan in this exploration venture, and more broadly we welcome the deepening of the relationship between these two companies.

Mr Michelmore said: This strategic alliance combines WMC's nickel sulphide exploration expertise with Jinchuan's local knowledge and vast experience in the nickel business. We are very pleased to have strengthened an already strong relationship with a respected nickel producer like Jinchuan, and we look forward to pursuing exploration programs in China alongside our new partner.

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The close association between WMC and Jinchuan began in 1988 when WMC assisted Jinchuan in the construction of its nickel smelter in Gansu Province.

Jinchuan welcomes the formalising of this alliance. WMC has a strong exploration skills base and a reputation for applying cutting edge technology for data interpretation, Mr Li said.

In August last year, WMC agreed to a five-year nickel supply contract with Jinchuan, beginning in 2005. That contract calls for WMC to supply to Jinchuan 90,000 tonnes of nickel (in matte form), and it comes on top of an earlier agreement to provide 30,000 tonnes of nickel. When valued at current prices, that 120,000 tonnes of nickel is worth US\$1.8 billion.

The Jinchuan Group is located in Jinchang, known as China's nickel capital. Jinchuan is China's largest integrated producer of nickel for the domestic market. Jinchuan's nickel output accounts for more than 88 per cent of Chinese production.

WMC Resources is one of Australia's largest minerals development companies, and ranks as the world's third largest nickel producer. WMC's current nickel production comes from Western Australia.

*Note: A photo of Jinchuan's Mr Li Yong-jun and WMC's Mr Andrew Michelmores signing the agreement in Melbourne on 26 July 2004 is available by contacting Heather Lakin on telephone (03) 9685 6101 or via email [heather.lakin@wmc.com](mailto:heather.lakin@wmc.com)*

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To: The Manager  
Announcements

ASX Company Announcements Office

**Public Announcement 2004-23**

**WMC Resources Ltd 2004 Half-Year Results**

Please find attached for immediate release Public Announcement 2004-23 covering the release of WMC Resources Ltd's Financial Results for the half-year ended 30 June 2004.

The following documents are included as part of the release:

Public Announcement

Fact File for the Half-Year ending 30 June, 2004

Appendix 4D Half-Yearly ASX Report

WMC's Chief Executive Officer, Mr Andrew Michelmore, will host an audio conference and webcast presentation at 1.00pm this afternoon which will be broadcast live from WMC's web site at [www.wmc.com](http://www.wmc.com). A recording of this conference will be available for playback on WMC's web site later this evening.

Ross Mallett

**Assistant Company Secretary**

11 August 2004

**For further information, please call:**

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**WMC RESOURCES LTD**

**FACT FILE**

FOR THE SIX MONTHS ENDED

30 JUNE 2004

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**DISCLAIMER**

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, divestments, potential growth of WMC, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors, including: variations in the market price of the minerals and metals produced by WMC, the impact of foreign currency exchange rates on these market prices, WMC's ability to profitably produce and transport minerals and metals extracted to applicable markets, WMC's ability to achieve projected cost and scheduling targets for repair and construction activities and the activities of governmental authorities in certain countries where WMC has projects, facilities or mines that are being explored or developed, as well as the factors discussed under the caption "Risk Factors" at pages 13 to 16 of WMC's Annual Report on Form 20-F for the fiscal year ended December 31, 2003.

The presentation of WMC's statement of financial performance, statement of financial position, and statement of cashflows and the business segment financial statements is designed to provide information in relation to each of the business segments and is therefore not set out in accordance with Australian Generally Accepted Accounting Principles (GAAP). Financial statements prepared in accordance with Australian GAAP can be found in the Half Yearly ASX Report.

All amounts are in Australian dollars unless otherwise stated.

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WMC RESOURCES LTD ABN 76 004 184 598

**Table of Contents****PUBLIC ANNOUNCEMENT****EARNINGS, RETURNS AND CASH FLOW UP IN STRONG FIRST HALF****PERFORMANCE**

Profit after tax of \$515m for the half year ended 30 June 2004 increased \$316m on the preceding half.

Return on equity increased from 10 per cent to 23 per cent.

EBIT from operations has doubled to \$438m, reflecting increased production and sales from the copper and fertilizer operations and improved realised Australian dollar prices.

Cashflow before financing and demerger costs increased to \$398m from \$140m in the preceding half.

The company's financial position strengthened during the period, with gearing reduced to 20 per cent and interest cover up to 35 times.

Capital expenditure for the half was \$199m, down 44 per cent on the preceding half.

The company does not expect to pay tax in the current year. The half year result includes a net tax credit of \$46m which includes the benefit of tax losses brought to account in the period.

Directors declared an interim dividend of 17 cents per share.

**Key Financials**

| <u>(A\$ Million)</u>                                      | <u>Actual</u><br><u>2H03</u> | <u>Actual</u><br><u>1H04</u> |
|---|------------------------------|------------------------------|
| Revenue from operations (pre hedging) <sup>1</sup>        | 1,538                        | 1,831                        |
| Profit after tax  | 199                          | 515                          |
| EBIT from operations (pre hedging) <sup>1</sup>           | 219                          | 438                          |
| Cashflow from operations                                  | 469                          | 602                          |
| Capital expenditure                                       | 357                          | 199                          |
| Cashflow before financing and demerger costs <sup>1</sup> | 140                          | 398                          |
| Net debt <sup>1</sup>                                     | 1,253                        | 1,091                        |
| Total assets  | 7,560                        | 7,601                        |

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|   |       |       |
|---|-------|-------|
| Equity                                    | 3,950 | 4,428 |
| Return on equity (%)                      | 10.1  | 23.2  |
| Cash flow from operations to net debt (%) | 74.8  | 110.4 |
| Net debt / net debt + equity (%)          | 24.1  | 19.8  |
| Interest cover (times)                    | 14.6  | 34.6  |
| Earnings per share - basic (cents)        | 17.5  | 44.6  |
| Dividend per share - unfranked (cents)    | 6.0   | 17.0  |

<sup>1</sup> Not prepared in accordance with Australian GAAP. Refer to disclaimer stated on page 1.

### CEO COMMENTS

*Improving operational reliability and Australian dollar commodity prices increased earnings, returns and cashflows in the six months to June 2004, said WMC Resources Ltd CEO, Andrew Michelmore.*

*Our nickel operations produced first half performance to plan, with improved revenues and earnings growth.*

*A turnaround in reliability and profitability at Olympic Dam should continue throughout the year, with fertilizers also positioned for a stronger second half.*

*The gains from strong first half earnings have allowed us to reduce debt and gearing, building our capability for growth.*

*Balancing the dual demands of operational reliability and disciplined assessment of development opportunities will be the focus for us into 2005.*

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WMC RESOURCES LTD ABN 76 004 184 598

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**BUSINESS PERFORMANCE**

**HEALTH, SAFETY & ENVIRONMENT**

**Safety performance**

The lost time plus medically treated injury frequency rate (IFR) for the period is slightly above rates achieved in 2003. While our total injury rate has not improved, the overall severity of injuries is significantly lower than experienced in previous years. Reflecting this, the lost time injury rate stands at 1.8 for the first half compared with the full year 2003 result of 3.2.

Remediation works at the Yeelirrie uranium project site in Western Australia commenced during the half. The rehabilitation plan has been developed with the approval of the State Mining Engineer and Radiological Council of WA, and is expected to be completed by year end.

Health, safety and environment performance data is also available at [www.wmc.com/sustainability](http://www.wmc.com/sustainability).

**WMC SHARE PRICE (A\$)**



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**BUSINESS PERFORMANCE**

**MARKETING**

Commodity markets were buoyant throughout the half with firm prices for all our commodities. Exchange stocks of both nickel and copper remain tight, and demand for our output has been strong. Fertilizer pricing has improved, boosting our realised prices. Uranium spot prices have increased significantly in view of expectations of more balanced supply/demand. As uranium is sold under long term contracts, these increased spot prices will be reflected as new contracts are put in place.

**DIVIDENDS**

In consideration of the strong earnings and cashflows, driven by the cyclical highs in commodity prices, Directors have declared an interim dividend of 17 cents per share to be paid on 22 September with the record date for entitlements being 6 September. WMC will continue the Dividend Reinvestment Plan, but the Directors have determined that a zero per cent discount will apply to the interim dividend and to future dividends until further notice.

**TREASURY**

The Group is in a strong financial position. As operators of large world-class assets, we seek to finance our assets and growth opportunities with a mix of equity and debt financing that best balances risk and reward to shareholders.

The Group has total assets of \$7.6 billion, equity of \$4.4 billion and net debt of just under \$1.1 billion at 30 June 2004. The Group's gearing (measured as debt to debt-plus-equity) was below 20 per cent.

During June 2004, we took advantage of strong operating cashflow to arrange early repayment of residual foreign exchange and gold hedge obligations relating to the gold operations previously conducted by the Group. First half 2004 cashflows reflect the settlement of \$107 million together with the current period payments, totalling \$116 million.

Finance and Other costs (as reported in the Statement of Financial Position) of \$10 million largely relates to the amortisation of net gain arising on translation of foreign currency debt.

**Funding arrangements**

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Our 2003 Global Bond (US\$500 million 10 year and US\$200 million 30 year tenor) remains in place as our core long term debt funding. Given our low gearing and strong cashflows, we have cancelled part of our existing syndicated debt facility and will refinance the balance this month, prior to the maturity in November of one tranche, with a dual currency revolver bank facility of US\$250 million with a two year maturity.

### **Legacy currency hedge book**

The legacy currency hedge book for 2005 to 2008 was closed out in the 2003 year. The resulting profit of \$367 million was deferred and will be recognised over the years of 2005 to 2008 in line with the underlying production. The recognition profile of the deferred profits is set out on page 8. The amounts recognised in 2005 to 2008 will be largely non-assessable for income tax purposes. The portion of the hedge book relating to the 2004 financial year was not closed out. The hedged position in respect of the 2004 contracts is also set out on page 8.

## **INSURANCE**

### **Olympic Dam heat exchanger insurance claim**

Results for the first half of 2004 include the recognition of a net \$22 million receivable in respect of an insured event at the Group's copper operations. The event, the failure of the heat exchanger in the acid plant, occurred in late 2003 with the insurance claim recently agreed. The majority of the proceeds are expected to be received in the third quarter of 2004. The net impact of the \$22 million reflects as \$42 million in revenue in copper operations (the insured party) and a \$20 million charge against revenue in other operations (incorporating Westminer Insurance the Group's captive insurance company).

### **SX insurance claim**

WMC has an outstanding claim in relation to the 2001 Olympic Dam fire. An amount of \$120 million was recognised in relation to the claim in the 2002 financial statements. To date, we have received \$82 million of cash in relation to the claim and carry a receivable of \$38 million on the balance sheet. We are currently engaged in a mediation process with our insurers. The final amount of the claim will be in excess of the \$120 million already brought to account. Recognition of further amounts will be subject to the outcome of these discussions and accounting convention.

**Table of Contents****BUSINESS PERFORMANCE****TAXATION****Recognition of off-balance sheet tax losses**

Strong taxable income in 2003 and the outlook for 2004 increased the certainty of recovery of off-balance sheet tax losses to the point that accounting convention requires the company to recognise substantially all of the known tax losses. Recognition over the full financial year will result in an effective tax credit on current year profit before tax of around 10 per cent. There remains a proportion of tax losses yet to be recognised. These may be brought to account during the current financial year, subject to levels of taxable income and accounting convention.

**Tax consolidation regime**

We are yet to make a final determination whether or not to enter the tax consolidation regime. Accordingly, the benefits (if any), which may arise from entering the new tax regime, have not yet been fully evaluated.

Depending on the election made, it is possible but not yet quantifiable, that the projected full year tax credit may be further increased in the 2004 year.

**COMMODITY AND CURRENCY HEDGING**

The table below shows both the rates at which the open hedge transactions are contracted with third parties to determine the cashflow impact for each hedge and the fair valued rates for determining the profit and loss impact.

The legacy hedges were fair valued at the date of demerger. Consequently, the profit and loss for each hedge will be determined by the difference between a particular hedge's fair valued rate and the spot price at the date of the hedge's maturity.

**Hedging as at 30 June 2004**

| Period | Forward Sale of US\$ |               | Non-limiting Cover |               | Profit & Loss |
|--------|----------------------|---------------|--------------------|---------------|---------------|
|        | Amount               | Cashflow      | Amount             | Cashflow      | Rate A\$/US\$ |
|        | US\$m                | Rate A\$/US\$ | US\$m              | Rate A\$/US\$ |               |

|      |     |        |    |        |        |
|------|-----|--------|----|--------|--------|
| 2004 | 114 | 0.6720 | 36 | 0.6402 | 0.5289 |
|------|-----|--------|----|--------|--------|

**Deferred profits**

Profits arising on the close out of the legacy hedge book during 2003 have been deferred and will be recognised during 2004 to 2010 as shown in the table below.

|             | Currency     |              |              | Gold       |             |             |
|-------------|--------------|--------------|--------------|------------|-------------|-------------|
|             | (A\$m)       |              |              | (A\$m)     |             |             |
|             | 1H           | 2H           | Total        | 1H         | 2H          | Total       |
| <b>2004</b> |              |              |              |            | 2.0         | <b>2.0</b>  |
| <b>2005</b> | 54.5         | 60.2         | <b>114.7</b> | 1.2        | 1.6         | <b>2.8</b>  |
| <b>2006</b> | 37.3         | 41.8         | <b>79.1</b>  | 1.1        | 1.4         | <b>2.5</b>  |
| <b>2007</b> | 40.5         | 42.1         | <b>82.6</b>  | 1.2        | 1.6         | <b>2.8</b>  |
| <b>2008</b> | 45.9         | 44.6         | <b>90.5</b>  | 1.1        | 1.5         | <b>2.6</b>  |
| <b>2009</b> |              |              |              | 1.3        | 1.7         | <b>3.0</b>  |
| <b>2010</b> |              |              |              | 1.4        | 1.8         | <b>3.2</b>  |
|             | <b>178.2</b> | <b>188.7</b> | <b>366.9</b> | <b>7.3</b> | <b>11.6</b> | <b>18.9</b> |

**Table of Contents****BUSINESS PERFORMANCE****PRODUCTION SUMMARY**

|                                | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|
| Contained nickel ( 000 tonnes) |                        |                        |                        |                        |
| - Concentrate                  | 118                    | 55                     | 63                     | 54                     |
| - Matte                        | 99                     | 44                     | 55                     | 46                     |
| - Metal                        | 62                     | 30                     | 32                     | 29                     |
| Copper ( 000 tonnes)           | 160                    | 91                     | 69                     | 103                    |
| Uranium (tonnes)               | 3,203                  | 1,399                  | 1,804                  | 2,225                  |
| Gold ( 000 ounces)             | 86                     | 50                     | 36                     | 34                     |
| Fertilizer ( 000 tonnes)       |                        |                        |                        |                        |
| - Di-ammonium phosphate        | 760                    | 371                    | 389                    | 275                    |
| - Mono-ammonium phosphate      | 162                    | 102                    | 60                     | 139                    |
| Total Fertilizer               | 922                    | 473                    | 449                    | 414                    |

*For production commentary, refer to the nickel, copper and fertilizer sections of this document.*

**Table of Contents****BUSINESS PERFORMANCE****STATEMENT OF FINANCIAL PERFORMANCE**

| (A\$ Million)                                    | Actual<br>FY03 | Actual<br>1H03 | Actual<br>2H03 | Actual<br>1H04 |
|--|----------------|----------------|----------------|----------------|
| <b>REVENUE</b>                                   |                |                |                |                |
| Nickel <sup>1</sup>                              | 1,818          | 776            | 1,042          | 1,049          |
| Copper-uranium                                   | 696            | 363            | 333            | 476            |
| Fertilizer (QFO and Hi-Fert)                     | 423            | 260            | 163            | 291            |
| Elimination of intercompany sales                | (8)            | (4)            | (4)            | (7)            |
| <b>Sales revenue (pre hedging)</b>               | <b>2,929</b>   | <b>1,395</b>   | <b>1,534</b>   | <b>1,809</b>   |
| Revenue received/receivable from insurance claim | 4              |                | 4              | 22             |
| <b>REVENUE from operations (pre hedging)</b>     | <b>2,933</b>   | <b>1,395</b>   | <b>1,538</b>   | <b>1,831</b>   |
| <b>COSTS</b>                                     |                |                |                |                |
| Cash (includes commodity trading expenses)       | (1,880)        | (965)          | (915)          | (966)          |
| Non cash   | (583)          | (267)          | (316)          | (261)          |
| Third party purchases                            | (328)          | (154)          | (174)          | (227)          |
| Change in stock                                  | 80             | 29             | 51             | 36             |
| <b>TOTAL COST OF SALES</b>                       | <b>(2,711)</b> | <b>(1,357)</b> | <b>(1,354)</b> | <b>(1,418)</b> |
| <b>Total EBIT (pre hedging)</b>                  | <b>222</b>     | <b>38</b>      | <b>184</b>     | <b>413</b>     |
| <b>EBIT</b>                                      |                |                |                |                |
| Nickel <sup>1</sup>                              | 430            | 104            | 326            | 380            |
| Copper-uranium                                   | (120)          | (42)           | (78)           | 77             |
| Fertilizer                                       | (31)           | 4              | (35)           | (3)            |
| Other EBIT from operations <sup>1</sup>          | 11             | 5              | 6              | (16)           |
| <b>EBIT from operations (pre hedging)</b>        | <b>290</b>     | <b>71</b>      | <b>219</b>     | <b>438</b>     |
| Net currency and commodity hedging gains         | 72             | 22             | 50             | 72             |
| <b>EBIT from operations (post hedging)</b>       | <b>362</b>     | <b>93</b>      | <b>269</b>     | <b>510</b>     |
| Corporate  | (21)           | (9)            | (12)           | (10)           |
| Corporate one-off items                          | (8)            |                | (8)            | (1)            |
| Finance and other costs                          | (3)            | (1)            | (2)            | 10             |
| Exploration and new business                     | (36)           | (23)           | (13)           | (24)           |
| <b>Total EBIT</b>                                | <b>294</b>     | <b>60</b>      | <b>234</b>     | <b>485</b>     |
| Net borrowing costs                              | (46)           | (21)           | (25)           | (16)           |
| <b>PROFIT before income tax credit/(expense)</b> | <b>248</b>     | <b>39</b>      | <b>209</b>     | <b>469</b>     |

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|                             |            |           |            |            |
|-----------------------------|------------|-----------|------------|------------|
| Income tax credit/(expense) | (2)        | 8         | (10)       | 46         |
| <b>PROFIT after tax</b>     | <b>246</b> | <b>47</b> | <b>199</b> | <b>515</b> |

*The revenue, costs, EBIT and EBIT from operations (post hedging) sections from the table above are not prepared under Australian GAAP. These items have been included as they are considered a useful measure of operational performance commonly used by investors to evaluate company results. Financial statements prepared in accordance with Australian GAAP can be found in the Half Yearly ASX Report.*

<sup>1</sup> *Revenue and costs relating to power sales made by Nickel to third parties in Western Australia are now reported as part of Nickel's revenue and costs. Comparatives have been restated accordingly.*

**Table of Contents****BUSINESS PERFORMANCE****STATEMENT OF FINANCIAL POSITION**

| (A\$ Million)  | Actual<br>Jun-03 | Actual<br>Dec-03 | Actual<br>Jun-04 |
|--|------------------|------------------|------------------|
| <b>Property, plant &amp; equipment (including acquired mineral rights)</b> |                  |                  |                  |
| Nickel   | 1,280            | 1,242            | 1,300            |
| Copper-uranium   | 3,806            | 3,931            | 3,865            |
| Fertilizer   | 561              | 566              | 547              |
| Other  | 97               | 136              | 133              |
|  | <u>5,744</u>     | <u>5,875</u>     | <u>5,845</u>     |
| <b>Working capital</b>   |                  |                  |                  |
| Nickel <sup>1</sup>  | 214              | 301              | 240              |
| Copper-uranium   | 214              | 215              | 315              |
| Fertilizer   | 165              | 81               | 86               |
| Other <sup>1</sup>   | (38)             | (64)             | (61)             |
|  | <u>555</u>       | <u>533</u>       | <u>580</u>       |
| <b>Corporate</b>   |                  |                  |                  |
| Net deferred gains and balances relating to hedging and debt revaluations  | (819)            | (916)            | (636)            |
| Tax balances   | (327)            | (337)            | (291)            |
| Exploration and evaluation expenditure capitalised                         | 84               | 69               | 76               |
| Provisions   | (186)            | (190)            | (202)            |
| Other  | 167              | 169              | 147              |
|  | <u>5,218</u>     | <u>5,203</u>     | <u>5,519</u>     |
| <b>NET ASSETS FUNDED BY DEBT AND EQUITY</b>                                | <b>5,218</b>     | <b>5,203</b>     | <b>5,519</b>     |
| Net debt   | 1,557            | 1,253            | 1,091            |
| Shareholders' equity   | 3,661            | 3,950            | 4,428            |
|  | <u>5,218</u>     | <u>5,203</u>     | <u>5,519</u>     |
| <b>NET DEBT AND EQUITY</b>   | <b>5,218</b>     | <b>5,203</b>     | <b>5,519</b>     |

The table above is not prepared under Australian GAAP. It has been included as it is considered a useful measure of operational performance, commonly used by investors to evaluate the company. Financial Statements prepared in accordance with Australian GAAP can be found in the Half Yearly ASX Report.

<sup>1</sup> Working capital relating to power sales made by Nickel to third parties in Western Australia are now reported as part of Nickel's working capital. Comparatives have been restated accordingly.



**Table of Contents****BUSINESS PERFORMANCE****STATEMENT OF CASH FLOWS**

| (A\$ Million)  | Actual<br>FY03     | Actual<br>1H03      | Actual<br>2H03    | Actual<br>1H04    |
|--|--------------------|---------------------|-------------------|-------------------|
| <b>EBITDA (pre hedging)</b>                                |                    |                     |                   |                   |
| Nickel <sup>1</sup>  | 673                | 208                 | 465               | 466               |
| Copper-uranium   | 98                 | 73                  | 25                | 188               |
| Fertilizer   | 12                 | 25                  | (13)              | 22                |
| Corporate/New Business/Exploration/Other <sup>1</sup>      | (52)               | (24)                | (28)              | (41)              |
|  | <u>731</u>         | <u>282</u>          | <u>449</u>        | <u>635</u>        |
| <b>Movements in working capital</b>                        |                    |                     |                   |                   |
| Nickel <sup>2</sup>  | (62)               | 24                  | (86)              | 61                |
| Copper-uranium   | 34                 | 36                  | (2)               | (99)              |
| Fertilizer   | 16                 | (68)                | 84                | (5)               |
| Corporate/New Business/Exploration/Other <sup>2</sup>      | (15)               | (40)                | 25                | (2)               |
|  | <u>(27)</u>        | <u>(48)</u>         | <u>21</u>         | <u>(45)</u>       |
| Other balance sheet movements                              | 18                 | (1)                 | 19                | 16                |
| Hedging receipts/(payments) <sup>3</sup>                   | 8                  | (18)                | 26                | 20                |
| Net borrowing costs paid                                   | (51)               | (6)                 | (45)              | (23)              |
| Income tax paid  | (3)                | (2)                 | (1)               | —                 |
| <b>Cash flow from operations</b>                           | <b><u>676</u></b>  | <b><u>207</u></b>   | <b><u>469</u></b> | <b><u>602</u></b> |
| <b>Capital expenditure</b>                                 |                    |                     |                   |                   |
| Nickel   | (219)              | (119)               | (100)             | (143)             |
| Copper-uranium   | (397)              | (171)               | (226)             | (49)              |
| Fertilizer   | (41)               | (14)                | (27)              | (5)               |
| Corporate/New Business/Exploration/Other                   | (5)                | (1)                 | (4)               | (2)               |
|  | <u>(662)</u>       | <u>(305)</u>        | <u>(357)</u>      | <u>(199)</u>      |
| Other investing cashflows                                  | 27                 | (1)                 | 28                | (5)               |
| <b>Net cash flow before financing and demerger costs</b>   | <b><u>41</u></b>   | <b><u>(99)</u></b>  | <b><u>140</u></b> | <b><u>398</u></b> |
| Bond issue costs paid                                      | (10)               | (9)                 | (1)               | —                 |
| Payment on close out of gold asset related hedge contracts | (33)               | (20)                | (13)              | (116)             |
| Payment on close out of interest rate hedge                | (39)               | (39)                | —                 | —                 |
| Demerger costs paid  | (45)               | (45)                | —                 | —                 |
| <b>Net cash flow before debt and equity funding</b>        | <b><u>(86)</u></b> | <b><u>(212)</u></b> | <b><u>126</u></b> | <b><u>282</u></b> |

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- <sup>1</sup> *Revenue and costs relating to power sales made by Nickel to third parties in Western Australia are now reported as part of Nickel's revenue and costs. Comparatives have been restated accordingly.*
- <sup>2</sup> *Movements in working capital relating to power sales made by Nickel to third parties in Western Australia are now reported as part of Nickel's movement in working capital. Comparatives have been restated accordingly.*
- <sup>3</sup> *Exclude payments on settlement of Gold asset related hedging contracts. Comparatives have been restated accordingly.*

**Table of Contents****BUSINESS PERFORMANCE****COMMODITY PRICES & EXCHANGE RATES**

| Financial Period Ended | Nickel  |        | Copper  |        | DAP    |       |              |
|------------------------|---------|--------|---------|--------|--------|-------|--------------|
|                        | US\$/lb | A\$/lb | US\$/lb | A\$/lb | US\$/t | A\$/t | US\$/A\$1.00 |
| <b>2000</b>            |         |        |         |        |        |       |              |
| First Half             | 4.28    | 7.01   | 0.80    | 1.31   | 146    | 239   | 0.6103       |
| Second Half            | 3.57    | 6.47   | 0.84    | 1.52   | 161    | 291   | 0.5538       |
| Full Year              | 3.92    | 6.73   | 0.82    | 1.41   | 154    | 265   | 0.5821       |
| As at 31 December 2000 | 3.26    | 5.88   | 0.82    | 1.48   | 155    | 279   | 0.5548       |
| <b>2001</b>            |         |        |         |        |        |       |              |
| First Half             | 3.00    | 5.74   | 0.78    | 1.49   | 153    | 293   | 0.5228       |
| Second Half            | 2.41    | 4.70   | 0.66    | 1.29   | 141    | 275   | 0.5127       |
| Full Year              | 2.70    | 5.22   | 0.72    | 1.39   | 147    | 284   | 0.5175       |
| As at 31 December 2001 | 2.58    | 4.64   | 0.66    | 1.19   | 151    | 272   | 0.5100       |
| <b>2002</b>            |         |        |         |        |        |       |              |
| First Half             | 2.97    | 5.56   | 0.72    | 1.35   | 154    | 288   | 0.5345       |
| Second Half            | 3.15    | 5.70   | 0.70    | 1.27   | 160    | 290   | 0.5525       |
| Full Year              | 3.07    | 5.65   | 0.71    | 1.31   | 157    | 289   | 0.5438       |
| As at 31 December 2002 | 3.22    | 5.70   | 0.70    | 1.24   | 149    | 264   | 0.5646       |
| <b>2003</b>            |         |        |         |        |        |       |              |
| First Half             | 3.78    | 6.13   | 0.75    | 1.22   | 175    | 284   | 0.6166       |
| Second Half            | 4.93    | 7.17   | 0.86    | 1.25   | 182    | 265   | 0.6872       |
| Full Year              | 4.37    | 6.70   | 0.81    | 1.24   | 179    | 274   | 0.6523       |
| As at 31 December 2003 | 7.49    | 10.01  | 1.05    | 1.40   | 205    | 273   | 0.7507       |
| <b>2004</b>            |         |        |         |        |        |       |              |
| First Half             | 6.19    | 8.36   | 1.25    | 1.69   | 213    | 288   | 0.7400       |
| As at 30 June 2004     | 6.80    | 9.82   | 1.21    | 1.75   | 219    | 313   | 0.6926       |

*US dollar prices and exchange rates sourced from Bloomberg*

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**NICKEL**

**OVERVIEW OF NICKEL OPERATIONS**

**Market review**

The average US dollar nickel price increased 26 per cent compared to the preceding half. This was a result of speculative activity and favourable market fundamentals including higher world stainless steel production, strong Chinese nickel / stainless steel demand and limitations on near-to-medium term upside production capacity. In Australian dollar terms, the nickel price increased by 17 per cent.

**Production**

Nickel production was on plan for the half. We remain on track to meet full year production targets. As expected, nickel-in-concentrate production was lower with mining at Mount Keith transitioning from higher grade ore at the bottom of Stage E cutback to lower grade ore from the new Stage F cutback and from stockpiles. Production from the Kalgoorlie smelter was also lower, in line with the reduced concentrate supply. With the smelter running at rates less than capacity, the opportunity was taken to advance some components of smelter maintenance previously scheduled for 2005. The three-yearly major maintenance shutdown at the Kwinana refinery was completed during the half.

**Financials**

Earnings before interest, tax and hedging from the nickel operations were \$380m, up \$54m from the preceding half. Key variances included:

Revenue from operations increased by \$36m with lower sales volumes offset by higher realised prices.

Operational cash costs were \$14m lower reflecting lower mining costs at Mount Keith (stockpile processing and transition to the new Stage F cutback).

The cost of purchased feed at Kambalda was \$10m higher due to the higher nickel price and higher volumes.

Non-cash costs reduced by \$64m, reflecting lower amortisation with completion of primary ore mining at Harmony open pit at Leinster and the transition to Stage F cutback and stockpile processing at Mount Keith. The Mount Keith reduction is a timing variance and is expected to return to normal levels in the coming half.

The combined impact of lower nickel production and higher cost of purchased feed resulted in a five per cent increase in the unit cost of sales for the period.

Capital expenditure of \$143m included progressive development of the Perseverance lower mine at Leinster, and capitalised major maintenance relating to the refinery shutdown completed during the half.

### **Development**

During the half, WMC entered into a conditional agreement to sell the Lanfranchi mine and associated tenements at Kambalda for \$26m. This sale concludes a strategy of selling mature nickel mines at Kambalda and participating in the benefits that a third party can yield from the remaining resource. It is anticipated that the sale (net of related costs) will be recognised in the second half of 2004.

Significant progress was made on the development of the Perseverance lower mine at Leinster, with decline access to the 11 Level achieved during the half. WMC is on schedule to commission the new crusher and materials handling system on the 11 Level during the first half of 2005. The majority of the project work will be completed by the end of 2005.

Overburden removal commenced at the new 11 Mile Well open pit near Leinster. The mine is expected to yield a total of 6,000 tonnes of nickel-in-concentrate in 2005.

The option to purchase the lease containing the Cliffs nickel deposit, located near Mt Keith, was exercised during the period. Exploration drilling continues on site and will be followed by a feasibility study.

**Table of Contents****NICKEL****PRODUCTION**

|  | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|--|------------------------|------------------------|------------------------|------------------------|
| <b>Kambalda Nickel Operations</b>                      |                        |                        |                        |                        |
| Ore treated ( 000 tonnes)                              | 805                    | 422                    | 383                    | 422                    |
| Head grade (%)   | 3.6                    | 3.6                    | 3.6                    | 3.4                    |
| Total concentrate produced ( 000 tonnes)               | 181                    | 93                     | 88                     | 96                     |
| Concentrate grade (%)                                  | 14.3                   | 14.4                   | 14.1                   | 13.5                   |
| Nickel in concentrate ( 000 tonnes)                    | 26                     | 14                     | 12                     | 13                     |
| <b>Leinster Nickel Operations</b>                      |                        |                        |                        |                        |
| Ore treated ( 000 tonnes)                              | 2,489                  | 1,203                  | 1,286                  | 1,272                  |
| Head grade (%)   | 2.0                    | 2.0                    | 2.0                    | 1.8                    |
| Concentrate produced ( 000 tonnes)                     | 347                    | 164                    | 183                    | 175                    |
| Concentrate grade (%)                                  | 12.1                   | 12.1                   | 12.0                   | 11.4                   |
| Nickel in concentrate ( 000 tonnes)                    | 42                     | 20                     | 22                     | 20                     |
| <b>Mt Keith Nickel Operations</b>                      |                        |                        |                        |                        |
| Ore treated ( 000 tonnes)                              | 11,200                 | 5,388                  | 5,812                  | 5,524                  |
| Head grade (%)   | 0.6                    | 0.6                    | 0.7                    | 0.6                    |
| Concentrate produced ( 000 tonnes)                     | 247                    | 110                    | 137                    | 99                     |
| Concentrate grade (%)                                  | 20.2                   | 19.7                   | 20.6                   | 21.3                   |
| Nickel in concentrate ( 000 tonnes)                    | 50                     | 22                     | 28                     | 21                     |
| Total Nickel in concentrate ( 000 tonnes)              | 118                    | 55                     | 63                     | 54                     |
| <b>Kalgoorlie Nickel Smelter ( 000 tonnes)</b>         |                        |                        |                        |                        |
| Concentrate treated                                    | 711                    | 328                    | 383                    | 342                    |
| Nickel in concentrate treated from WMC sources         | 77                     | 33                     | 44                     | 35                     |
| Nickel in concentrate treated from third party sources | 27                     | 15                     | 12                     | 13                     |
| Matte produced   | 148                    | 65                     | 83                     | 67                     |
| Nickel in matte produced                               | 99                     | 44                     | 55                     | 46                     |
| <b>Kwinana Nickel Refinery ( 000 tonnes)</b>           |                        |                        |                        |                        |
| Matte treated  | 92                     | 45                     | 47                     | 43                     |
| Refined nickel produced                                | 62                     | 30                     | 32                     | 29                     |

**SALES**

|                       | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|-----------------------|------------------------|------------------------|------------------------|------------------------|
| Nickel ( 000 tonnes)  |                        |                        |                        |                        |
| Nickel in concentrate | 15                     | 7                      | 8                      | 7                      |
| Nickel in matte       | 36                     | 14                     | 22                     | 18                     |
| Metal                 | 61                     | 30                     | 31                     | 28                     |

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|                     |            |           |           |           |
|---------------------|------------|-----------|-----------|-----------|
| <b>Total Nickel</b> | <b>112</b> | <b>51</b> | <b>61</b> | <b>53</b> |
| Cobalt (tonnes)     | 886        | 495       | 391       | 307       |

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NICKEL

## FINANCIAL STATEMENTS

| (A\$ Million)                                    | Actual<br>FY03 | Actual<br>1H03 | Actual<br>2H03 | Actual<br>1H04 |
|--|----------------|----------------|----------------|----------------|
| <b>Profit &amp; loss</b>                         |                |                |                |                |
| <b>Revenue</b>                                   |                |                |                |                |
| Nickel   | 1,531          | 633            | 898            | 920            |
| Intermediate products                            | 93             | 48             | 45             | 59             |
| Power sales <sup>1</sup>                         | 34             | 17             | 17             | 17             |
| <b>Revenue from operations</b>                   | <b>1,658</b>   | <b>698</b>     | <b>960</b>     | <b>996</b>     |
| Commodity trading revenue                        | 160            | 78             | 82             | 53             |
| <b>Sales revenue</b>                             | <b>1,818</b>   | <b>776</b>     | <b>1,042</b>   | <b>1,049</b>   |
| Revenue received/receivable from insurance claim | 4              |                | 4              |                |
| <b>Total revenue</b>                             | <b>1,822</b>   | <b>776</b>     | <b>1,046</b>   | <b>1,049</b>   |
| <b>Costs</b>                                     |                |                |                |                |
| Cash operating costs <sup>1</sup>                | (749)          | (370)          | (379)          | (365)          |
| Purchased feed                                   | (258)          | (111)          | (147)          | (157)          |
| Non cash costs                                   | (278)          | (120)          | (158)          | (94)           |
| Change in stock                                  | 51             | 7              | 44             | (3)            |
| <b>Cost of sales of WMC product</b>              | <b>(1,234)</b> | <b>(594)</b>   | <b>(640)</b>   | <b>(619)</b>   |
| Commodity trading expenses                       | (158)          | (78)           | (80)           | (50)           |
| <b>Total cost of sales</b>                       | <b>(1,392)</b> | <b>(672)</b>   | <b>(720)</b>   | <b>(669)</b>   |
| <b>EBIT (pre hedging)</b>                        | <b>430</b>     | <b>104</b>     | <b>326</b>     | <b>380</b>     |
| Currency hedging                                 | 44             | 13             | 31             | 36             |
| <b>EBIT (post hedging)</b>                       | <b>474</b>     | <b>117</b>     | <b>357</b>     | <b>416</b>     |
| Depreciation and amortisation                    | 243            | 104            | 139            | 86             |
| <b>EBITDA (post hedging)</b>                     | <b>717</b>     | <b>221</b>     | <b>496</b>     | <b>502</b>     |
| <b>Operating cash flows</b>                      | <b>607</b>     | <b>232</b>     | <b>375</b>     | <b>514</b>     |
| <b>Capital expenditure</b>                       |                |                |                |                |
| Sustain  | 66             | 29             | 37             | 40             |
| Enhance  | 18             | 11             | 7              | 5              |
| Mine capital development                         | 127            | 71             | 56             | 76             |
| Capitalised major maintenance                    | 8              | 8              |                | 22             |
| <b>Total</b>                                     | <b>219</b>     | <b>119</b>     | <b>100</b>     | <b>143</b>     |



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| <b>Balance sheet<sup>2</sup></b> |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|
| Current assets                   | 483          | 352          | 483          | 448          |
| Non-current assets               | 1,352        | 1,359        | 1,352        | 1,402        |
| Liabilities                      | (345)        | (352)        | (345)        | (267)        |
| <b>Net assets</b>                | <b>1,490</b> | <b>1,359</b> | <b>1,490</b> | <b>1,583</b> |

*The profit and loss line items in the table above are not prepared under Australian GAAP. These items have been included as they are considered a useful measure of operational performance commonly used by investors to evaluate company results. Financial statements prepared in accordance with Australian GAAP can be found in the Half Yearly ASX Report.*

<sup>1</sup> *Revenue and costs relating to power sales made by Nickel to third parties in Western Australia are now reported as part of Nickel's revenue and costs. Comparatives have been restated accordingly.*

<sup>2</sup> *The Balance Sheet includes assets and liabilities relating to the power sales made by Nickel to third parties in Western Australia. Comparatives have been restated accordingly.*

**Table of Contents****NICKEL****RATIOS AND UNIT COSTS**

|   | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|---|------------------------|------------------------|------------------------|------------------------|
| Return on net assets (annualised %)                   | 28.3                   | 14.0                   | 42.5                   | 49.3                   |
| Unit cash cost of nickel metal production (A\$/lb) *  | 2.24                   | 2.44                   | 2.06                   | 2.16                   |
| Unit total cost of nickel metal sales (A\$/lb) *      | 4.79                   | 4.89                   | 4.68                   | 4.92                   |
| Average nickel sales price including hedging (A\$/lb) | 6.70                   | 6.21                   | 7.18                   | 8.77                   |

\* *Excluding costs relating to the power sales made by Nickel to third parties in Western Australia*

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**COPPER-URANIUM**

**OVERVIEW OF COPPER-URANIUM OPERATION**

**Market Review**

The average US dollar copper price strengthened 45 per cent during the first half, with strong consumption growth in Asia and China in particular. The realised Australian dollar copper price increased 35 per cent compared to the preceding half.

**Production**

Improved reliability and consistency at Olympic Dam resulted in significantly higher copper production, with 103 kt of copper cathode produced, up 49 per cent on the preceding half. Record smelter throughput was achieved, resulting in a build-up of anode inventory at the end of the first half, which will drive increased copper cathode production in the second half of the year to achieve the full year target of 220-230 kt of copper cathode.

The copper solvent extraction plant was commissioned and has ramped up to full capacity.

The uranium solvent extraction plant is performing consistently well. A diagnostic analysis of uranium losses conducted last year identified opportunities to improve uranium recovery. Several of these have already been implemented, resulting in 23 per cent higher uranium production in the first half. Further improvements are planned over the next three years.

**Financials**

Divisional earnings before interest, tax and hedging were \$77 million, up from \$155 million in the preceding half. This improvement was driven primarily by higher sales revenue as a result of increased sales volumes of copper, gold and silver, and higher realised copper prices. Higher uranium production was also achieved in the first half, but uranium sales are skewed towards the second half of the year. Insurance revenue proceeds of \$42m as a result of the heat exchanger failure at the end of 2003 also contributed to the first half result.

Cash operating costs were in line with the previous half.

Non cash costs increased by \$32m due to write offs of carried forward costs following changes in stope design (\$20 million) and higher amortisation cost of the new SX plant (\$10 million).

Finished goods purchases increased by \$25m as a result of copper purchases made during the half to meet new levels of sales commitments.

Unit cost of sales was reduced by six per cent due to higher production volumes.

Capital expenditure of \$49m was significantly reduced on the previous half and included increased mine development expenditure to sustain the planned increase in mine production.

### **Development**

Our focus continues on reliability improvements to support sustained, consistent performance at Olympic Dam. Key areas for the second half are mine production and milling performance. A program is in place to increase mine production from 8.2 mtpa rates in the first half to target rates of 10.5 mtpa. This program covers the critical areas of development, production drilling, blasting, hoisting and backfill. Supplementary rigs have been secured and resourced to lift both development and drilling rates. Blasting improvements have been made with the technical assistance of Orica. Hoisting reliability improvements have been identified and a program to increase production from the backfill plant is in place. A reliability review has been undertaken in the processing area and uptime improvement opportunities have been identified to progressively lift mill throughput to our 10.5 mtpa target.

Significant improvement in uranium recovery was achieved in the first half of the year. The focus in the second half will be to sustain the improvements achieved and identify opportunities for further improvement. A similar diagnostic analysis of current losses will be undertaken to determine opportunities for both copper and gold recovery improvement.

The key copper-uranium business objective over the next three years is to lift profitability and returns from the existing assets. To complement the reliability and recovery programs already in progress, opportunities for cost reduction will be developed for implementation in this timeframe.

**Table of Contents****COPPER-URANIUM****PRODUCTION**

|                               | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
| Ore hoisted ( 000 tonnes)     | 9,004                  | 4,147                  | 4,857                  | 4,193                  |
| Ore treated ( 000 tonnes)     | 8,386                  | 4,276                  | 4,110                  | 4,464                  |
| Copper ore grade (%)          | 2.4                    | 2.4                    | 2.5                    | 2.4                    |
| Copper produced ( 000 tonnes) | 160                    | 91                     | 69                     | 103                    |
| Uranium ore grade (kg/tonne)  | 0.6                    | 0.6                    | 0.6                    | 0.6                    |
| Uranium produced (tonnes)     | 3,203                  | 1,399                  | 1,804                  | 2,225                  |
| Gold ore grade (g/tonne)      | 0.5                    | 0.5                    | 0.4                    | 0.5                    |
| Gold produced ( 000 ounces)   | 86                     | 50                     | 36                     | 34                     |
| Silver ore grade (g/tonne)    | 4.6                    | 4.3                    | 5.0                    | 5.0                    |
| Silver produced ( 000 ounces) | 601                    | 323                    | 278                    | 359                    |

**SALES**

|                        | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| Copper ( 000 tonnes)   | 175                    | 91                     | 84                     | 107                    |
| Uranium oxide (tonnes) | 4,575                  | 2,168                  | 2,407                  | 1,490                  |

**Table of Contents****COPPER-URANIUM****FINANCIAL STATEMENTS**

| (A\$ Million)                                    | Actual<br>FY03 | Actual<br>1H03 | Actual<br>2H03 | Actual<br>1H04 |
|--|----------------|----------------|----------------|----------------|
| <b>Profit &amp; loss</b>                         |                |                |                |                |
| <b>Revenue</b>                                   |                |                |                |                |
| Revenue from operations                          | 696            | 363            | 333            | 476            |
| Revenue received/receivable from insurance claim |                |                |                | 42             |
| <b>Total revenue</b>                             | <b>696</b>     | <b>363</b>     | <b>333</b>     | <b>518</b>     |
| <b>Costs</b>                                     |                |                |                |                |
| Cash operating costs                             | (553)          | (265)          | (288)          | (293)          |
| Finished goods purchased                         | (70)           | (43)           | (27)           | (52)           |
| Non cash costs                                   | (234)          | (119)          | (115)          | (147)          |
| Change in stock                                  | 41             | 22             | 19             | 51             |
| <b>Total cost of sales</b>                       | <b>(816)</b>   | <b>(405)</b>   | <b>(411)</b>   | <b>(441)</b>   |
| <b>EBIT (pre hedging)</b>                        | <b>(120)</b>   | <b>(42)</b>    | <b>(78)</b>    | <b>77</b>      |
| Currency/commodity Hedging                       | 23             | 7              | 16             | 33             |
| <b>EBIT (post hedging)</b>                       | <b>(97)</b>    | <b>(35)</b>    | <b>(62)</b>    | <b>110</b>     |
| Depreciation and amortisation                    | 218            | 115            | 103            | 111            |
| <b>EBITDA (post hedging)</b>                     | <b>121</b>     | <b>80</b>      | <b>41</b>      | <b>221</b>     |
| <b>Operating cash flows</b>                      | <b>142</b>     | <b>99</b>      | <b>43</b>      | <b>89</b>      |
| <b>Capital expenditure</b>                       |                |                |                |                |
| Sustain - Olympic Dam Operations                 | 67             | 17             | 50             | 14             |
| Sustain - SX plant rebuild                       | 233            | 126            | 107            | 23             |
| Enhance  | 8              | 4              | 4              |                |
| Mine capital development                         | 15             | 7              | 8              | 12             |
| Capitalised major maintenance                    | 74             | 17             | 57             |                |
| <b>Total</b>                                     | <b>397</b>     | <b>171</b>     | <b>226</b>     | <b>49</b>      |
| <b>Balance sheet</b>                             |                |                |                |                |
| Current assets                                   | 362            | 380            | 362            | 459            |
| Non-current Assets                               | 3,951          | 3,828          | 3,951          | 3,887          |
| Liabilities                                      | (444)          | (467)          | (444)          | (452)          |
| <b>Net assets</b>                                | <b>3,869</b>   | <b>3,741</b>   | <b>3,869</b>   | <b>3,894</b>   |

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*The profit and loss line items in the table above are not prepared under Australian GAAP. These items have been included as they are considered a useful measure of operational performance commonly used by investors to evaluate company results. Financial statements prepared in accordance with Australian GAAP can be found in the Half Year ASX Report.*

**Table of Contents****COPPER-URANIUM****RATIOS AND UNIT COSTS**

|   | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|---|------------------------|------------------------|------------------------|------------------------|
| Return on net assets (annualised %)                   | N/A                    | N/A                    | N/A                    | 3.7                    |
| Unit cash cost of production (A\$/lb)                 | 0.68                   | 0.68                   | 0.64                   | 0.66                   |
| Unit total cost of sales (A\$/lb)                     | 1.50                   | 1.38                   | 1.63                   | 1.53                   |
| Average copper sales price including hedging (A\$/lb) | 1.27                   | 1.25                   | 1.29                   | 1.82                   |



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**FERTILIZER**

**OVERVIEW OF FERTILIZER OPERATIONS**

**Market review**

Di-ammonium phosphate (DAP) prices increased to an average of US\$213 per tonne, up 17 per cent on the previous half. DAP prices have been undergoing cyclical recovery since mid 2001, and were supported in the current half by strong demand in international markets and increases in raw material costs that forced producers to raise prices or reduce output. As a result of the strengthening Australian dollar, average Australian dollar DAP prices increased by a more modest 9 per cent compared to the prior half.

**Production**

The fertilizer operations continue to perform well, although production was constrained during the half due to interruptions to acid supplies. The interruptions were a result of heavy rains which cut rail access in January, and maintenance at the Mount Isa acid plant in June. Production of mono-ammonium phosphate (MAP) fertilizer has continued to increase in line with our strategy of increasing the proportion of MAP production to de-bottleneck the operation and increase overall production.

Production is expected to increase in the second half of the year, with full year production expected to be approximately 900,000 tonnes.

**Financials**

The fertilizer division made an EBIT (pre-hedging) loss for the half of \$3 million, an improvement of \$32 million on the prior half. Revenue from sale of WMC produced fertilizer increased \$81 million from the prior half as a result of higher sales volumes and higher average realised Australian dollar prices. This was partially offset by increased cash costs at the Queensland Fertilizer Operations as a result of purchases of third party product to meet customer commitments. The EBIT contribution from the Hi Fert retail operation increased \$9 million on the prior half, reflecting the seasonal nature of the sales profile.

**Development**

Programs to improve the economic returns from the business are underway, with a primary focus on low cost de-bottlenecking. The first stage of this process involves increasing the proportion of MAP production. Plant trials to produce a sulphur-fortified MAP product are underway with a commercial-scale production trial due to take place in the second half of the year.

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During the recent strategic review of WMC's fertilizer business, we identified a range of business improvement opportunities, particularly in relation to better integration of the production (QFO) and distribution (HiFert) parts of the business. The recently advised management changes include the appointment of Martin Foreman as Executive General Manager with line responsibility for both production and distribution. This will facilitate the implementation of improvement opportunities over the next 12 to 18 months.

**Table of Contents****FERTILIZER****PRODUCTION**

|   | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|---|------------------------|------------------------|------------------------|------------------------|
| Di-Ammonium Phosphate (DAP) ( 000 tonnes)   | 760                    | 371                    | 389                    | 275                    |
| Mono-Ammonium Phosphate (MAP) ( 000 tonnes) | 162                    | 102                    | 60                     | 139                    |
| <b>Total Fertilizer ( 000 tonnes)</b>       | <b>922</b>             | <b>473</b>             | <b>449</b>             | <b>414</b>             |

**SALES**

|   | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|---|------------------------|------------------------|------------------------|------------------------|
| QFO ( 000 tonnes) - third parties                         | 689                    | 327                    | 362                    | 288                    |
| QFO ( 000 tonnes) - via Hi-Fert                           | 205                    | 186                    | 19                     | 241                    |
| Hi-Fert - purchased product ( 000 tonnes) - third parties | 350                    | 213                    | 137                    | 216                    |

**Table of Contents****FERTILIZER****FINANCIAL STATEMENTS**

| (A\$ Million)                           | Actual<br>FY03 | Actual<br>1H03 | Actual<br>2H03 | Actual<br>1H04 |
|---|----------------|----------------|----------------|----------------|
| <b>Profit &amp; loss</b>                |                |                |                |                |
| <b>Revenue</b>                          |                |                |                |                |
| Fertilizer sales revenue                | 261            | 157            | 104            | 185            |
| <b>Total revenue</b>                    | <b>261</b>     | <b>157</b>     | <b>104</b>     | <b>185</b>     |
| <b>Costs</b>                            |                |                |                |                |
| Cash operating costs                    | (262)          | (133)          | (129)          | (133)          |
| Finished goods purchased                |                |                |                | (18)           |
| Non cash costs                          | (40)           | (18)           | (22)           | (26)           |
| Change in stock                         | 5              | (11)           | 16             | (16)           |
| <b>Total cost of sales</b>              | <b>(297)</b>   | <b>(162)</b>   | <b>(135)</b>   | <b>(193)</b>   |
| <b>QFO EBIT (pre hedging)</b>           | <b>(36)</b>    | <b>(5)</b>     | <b>(31)</b>    | <b>(8)</b>     |
| Profit/(loss) from Hi-Fert              | 5              | 9              | (4)            | 5              |
| <b>Fertilizer EBIT (pre hedging)</b>    | <b>(31)</b>    | <b>4</b>       | <b>(35)</b>    | <b>(3)</b>     |
| Currency hedging                        | 5              | 2              | 3              | 3              |
| <b>EBIT (post hedging)</b>              | <b>(26)</b>    | <b>6</b>       | <b>(32)</b>    |                |
| QFO depreciation and amortisation       | 39             | 19             | 20             | 23             |
| Hi-Fert depreciation and amortisation   | 4              | 2              | 2              | 2              |
| <b>Fertilizer EBITDA (post hedging)</b> | <b>17</b>      | <b>27</b>      | <b>(10)</b>    | <b>25</b>      |
| <b>Operating cash flows (QFO only)</b>  | <b>(5)</b>     | <b>11</b>      | <b>(16)</b>    | <b>20</b>      |
| <b>Capital expenditure</b>              |                |                |                |                |
| <b>QFO</b>                              |                |                |                |                |
| Sustain                                 | 12             | 4              | 8              | 2              |
| Enhance                                 | 2              |                | 2              | 1              |
| Mine capital development                |                |                |                | 1              |
| Capitalised major maintenance           | 24             | 9              | 15             |                |
| <b>Total</b>                            | <b>38</b>      | <b>13</b>      | <b>25</b>      | <b>4</b>       |
| <b>Hi-Fert</b>                          | <b>3</b>       | <b>1</b>       | <b>2</b>       | <b>1</b>       |
| <b>Fertilizer capital expenditure</b>   | <b>41</b>      | <b>14</b>      | <b>27</b>      | <b>5</b>       |

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|                                |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|
| <b>Balance sheet (QFO)</b>     |            |            |            |            |
| Current assets                 | 57         | 50         | 57         | 47         |
| Non-current assets             | 588        | 553        | 588        | 577        |
| Liabilities                    | (58)       | (60)       | (58)       | (35)       |
| <b>Net assets</b>              | <b>587</b> | <b>543</b> | <b>587</b> | <b>589</b> |
| <b>Balance sheet (Hi-Fert)</b> |            |            |            |            |
| Current assets                 | 82         | 180        | 82         | 81         |
| Non-current assets             | 27         | 27         | 27         | 25         |
| Liabilities                    | (28)       | (33)       | (28)       | (21)       |
| <b>Net assets</b>              | <b>81</b>  | <b>174</b> | <b>81</b>  | <b>85</b>  |

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**Table of Contents****FERTILIZER****RATIOS AND UNIT COSTS**

|   | <b>Actual<br/>FY03</b> | <b>Actual<br/>1H03</b> | <b>Actual<br/>2H03</b> | <b>Actual<br/>1H04</b> |
|---|------------------------|------------------------|------------------------|------------------------|
| <b>(QFO only)</b>                                 |                        |                        |                        |                        |
| Unit cash cost of fertilizer production (A\$/t)   | 233                    | 228                    | 236                    | 238                    |
| Unit cost of fertilizer sales (A\$/t)             | 332                    | 315                    | 355                    | 365                    |
| <b>Average realised DAP sales price (A\$/t) *</b> | <b>295</b>             | <b>310</b>             | <b>276</b>             | <b>347</b>             |

\* *Including freight differential*

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### **GROWTH**

Our primary focus as a company continues to be on safe, consistent and reliable performance. With the strong cashflows generated in the first half of the year, we are also building an sound financial position to be able to capitalize on growth opportunities as they are developed. We are developing a range of internal growth opportunities as well as evaluating external opportunities as they arise.

### **EXPLORATION**

The exploration group divided its time and resources during the half between activities targeted towards enhancing the Western Australian nickel business and the international search for world class orebodies.

In Western Australia, near-mine exploration, including geophysics and drilling, advanced at several nickel projects. At the Cliffs project, diamond drilling on geophysical anomalies is in progress. At the Collurabbie project, exploration includes ground-based surveys in new prospect areas as well as drilling in areas of known and expected mineralisation.

A highlight of our international exploration activities was the identification of areas of interest in China, particularly in Gansu province which is the home of Jinchuan Group Limited. Jinchuan is China's largest nickel producer with whom we agreed long term nickel matte sales contracts in 2003. The target generation work with Jinchuan resulted in the execution of an Exploration Cooperation Agreement between WMC and Jinchuan announced on 29 July. Under the agreement, we will jointly explore areas of interest on a 50/50 basis.

Exploration, including assessment of third party opportunities, continues globally for nickel sulphides (Africa, North America, China) and for copper-gold deposits (Africa, North and South America).

### **PROJECTS**

#### **Olympic Dam Expansion Study**

We have commenced work on the next phase of the Olympic Dam Development Study, announced in May. During the next two years we will invest approximately \$50 million on the study.

The study will focus on leveraging the already significant investment at Olympic Dam and provide a life-of-mine plan to guide ongoing development. In H1 2006, we will be in a position to identify a single preferred development plan. That option will become the subject of a final feasibility study and could potentially increase copper production levels up to 350,000 tpa through underground expansion or to 500,000 tpa through an open pit.

**Yakabindie (nickel)**

Drilling for the pre-feasibility study at Yakabindie has commenced. Fresh core samples are currently undergoing metallurgical evaluation.

**Corridor Sands**

Work continued on obtaining environmental approvals for the proposed dedicated haul road and jetty, on planning and discussions regarding resettlement of the local community to commence in mid 2005 and preparations for tender of the Bankable Feasibility Study validation.



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**DEFINITIONS**

**Average sales price (including hedging)**

Australian dollar sales prices unit received inclusive of hedging. In effect, total product revenue plus or minus commodity and pro rated currency hedging gains or losses divided by product sales volumes.

**Capitalised major maintenance**

Costs related to planned cyclical maintenance capitalised and amortised over the period to the next major shut-down (where this period is greater than twelve months).

**Earnings before interest, tax, depreciation and amortisation (EBITDA)**

Represents earnings for the period before interest tax, depreciation and amortisation charges.

**Earnings per share (EPS)**

Basic EPS: Profit after tax divided by the weighted average number of ordinary shares on issue during the period.

**Enhance capital**

Capital expenditure where there is a high degree of confidence that a discrete return on expenditure will be achieved through increased production or a reduction in operating costs.

**Injury Frequency Rate (IFR)**

Number of lost time and medically treated injuries per million hours exposure.

**GAAP**

Generally Accepted Accounting Principles in Australia.

**Interest Cover**

Earnings before interest, taxes, depreciation and amortisation and hedging divided by net interest expense incurred before subtracting capitalised interest.

**LME**

London Metal Exchange.

**Lost Time Injury (LTI)**

An injury that results in at least one full shift being lost at some time (not necessarily immediately) after the shift during which the injury occurred, providing it is not a rostered day off.

**Mine capital development**

Costs of establishing access to ore where the access is expected to be used for production over greater than twelve months.

**Medically Treated Injury (MTI)**

Injuries that do not result in lost work days, but require medical treatment (including restricted work).

**Operating Cashflow to Debt**

The percentage of annualised net cashflow from operations relative to net debt.

**Return on Net Assets**

Business Units earnings before interest, tax and hedging divided by average net assets (excluding tax assets / liabilities and intra-group assets).

**Return on equity**

Operating profit after tax / total shareholders' equity.

**Sustain capital**

Capital expenditure to maintain the operations at their current level of performance with no material impact on production or reduction in the cost base.

**Unit Cash Cost of production**

Cash costs directly attributable to production (excludes sales and distribution, royalties, idle capacity and R&D costs amongst others) less the value of by-products produced divided by production volumes.

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**DEFINITIONS**

**Unit Total Cost of Sales**

Unit Cost of Sales is Total Cost of Sales less co-product revenue divided by product sold. Total Cost of Sales includes all production and non production costs, and stock movements.

**Working Capital**

Working capital only includes net current trade and other debtors, inventories, and trade and other creditors.

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WMC Resources Ltd - ABN 76 004 184 598

Six months ended 30 June 2004 ( Current period )

(Previous corresponding period: Six months ended 30 June 2003)

**Results for announcement to the market**

|   |             | <u>Six months to<br/>30 June 2003</u> |    | <u>Six months to<br/>30 June 2004</u> |
|---|-------------|---------------------------------------|----|---------------------------------------|
|   |             | \$M                                   |    | \$M                                   |
| Revenues from ordinary activities                 | up 35% from | 1,429.4                               | to | 1,924.1                               |
| Net profit for the period attributable to members | up from     | 47.0                                  | to | 514.8                                 |

**Dividends**

In consideration of the strong earnings and cash flows, driven by the cyclical highs in commodity prices, Directors have declared an interim dividend of 17 cents per share to be paid on 22 September with the record date for entitlements being 6 September.

WMC will continue the Dividend Reinvestment Plan but the Directors have determined that a zero per cent discount will apply to the interim dividend and to future dividends until further notice.

|                                    | <u>2003</u> | <u>2004</u> |
|------------------------------------|-------------|-------------|
| Interim dividend per share (cents) | Nil         | 17.0        |
| Final dividend per share (cents)   | 6.0         | N/A         |
| Franked amount per share (cents)   | Nil         | Nil         |

**Explanation of revenue and profit from ordinary activities after tax**

Improving operational reliability and buoyant Australian dollar commodity prices contributed to increased operating earnings, returns and cash flows for the six months ended 30 June 2004. A detailed discussion of the results can be found in the attached directors report.



**This interim financial report is to be read in conjunction with the most recent annual financial report.**

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**Directors Report**

The directors of WMC Resources Ltd present their report on the consolidated entity consisting of WMC Resources Ltd and the entities it controlled during or at the end of the six months ended 30 June 2004.

The following persons were directors of the company during the half-year and up to the date of this report:

**Tommie C-E Bergman**

**Andrew G Michelmore**

**Adrienne E Clarke AC**

**Alan K Dundas**

**Peter J Knight**

**Graeme W McGregor AO**

**David E Meiklejohn**

**G John Pizzey**

**Ian E Webber AO**

**Review of operations and comments by directors**

## Revenue

Revenue from ordinary activities for six months to 30 June 2004 was \$1,924.1 million, an increase of 35 per cent on the six months to June 2003 of \$1,429.4 million. Buoyant commodity prices and strong sales volumes across all commodities contributed to the revenue growth.

Commodity markets were buoyant throughout the half with prices firm for all our products. Exchange stocks of both nickel and copper remain tight and demand for our output has been strong. Fertilizer pricing has improved, boosting our realised prices. Uranium spot prices have increased significantly in view of expectations of more balanced supply/demand in the future. As uranium is sold under long term contracts, these increased spot prices will be reflected as new contracts are put in place.

Revenue for the first half of 2004 includes the recognition of a net \$21.5 million receivable in respect of an insured event at the Group's copper operations. The event, the failure of the heat exchanger in the acid plant, occurred in late 2003 but the claim was only recently agreed. The majority of the proceeds are expected to be received in the third quarter of 2004. The net impact of the \$21.5 million reflects as \$41.5 million in revenue in the Copper operations (the insured party) and a \$20.0 million charge in Westminer Insurance Ltd the Group's captive insurance company.

## Profit

The consolidated profit after tax increased from \$47.0 million for the first half of 2003 to \$514.8 million for the six months to 30 June 2004. The net profit after tax translates to basic and diluted earnings per share of 44.6 cents and a return on equity of 23 per cent.

The result for the current half includes a tax credit of \$135.1 million in respect of the recognition of a substantial proportion of tax losses and timing differences not previously brought to account.

## *Copper*

The Copper operations contributed \$77.4 million (pre-hedging) for the year on sales revenues of \$476.2 million. The improved operating earnings during the June 2004 half reflects significantly higher Australian dollar copper price and improved copper and uranium production compared with the June half 2003. The earnings for the six months to 30 June 2004 include \$41.5 million insurance proceeds receivable in respect of the 2003 heat exchanger incident.

Improved reliability and operational consistency at Olympic Dam resulted in higher copper production during the June 2004 half. Compared with the June 2003 half, copper production was up 13 per cent at 102,800 tonnes. Uranium production increased 59 per cent during the June 2004 half to 2,225 tonnes compared with 1,399 tonnes for the same period in 2003.

The average Australian dollar copper price increased 39 per cent from \$1.22 for the first half 2003 to \$1.69 during the six months to June 2004.



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### *Nickel*

Earnings from nickel operations were \$380.1 million (pre-hedging) for the half year to 30 June 2004 compared with \$104.6 million for the June half 2003. Nickel revenue rose 35 per cent from the June half 2003 to \$1,048.7 million for the June half 2004 reflecting the strong nickel price and marginally higher sales volumes. The average Australia dollar nickel price increased 36 per cent from \$6.13 for the first half 2003 to \$8.36 during the six months to June 2004.

Production was on plan for the June 2004 half. As expected, nickel in concentrate production was lower with mining at Mount Keith transitioning from higher grade ore at the bottom of stage E cutback to lower grade ore from the new Stage F cutback and from stockpiles. Production at the Kalgoorlie smelter was also lower in line with reduced concentrate supply. The three-year major maintenance shutdown at the Kwinana refinery was undertaken during the June half 2004 which impacted metal production.

### *Fertilizers*

The fertilizer operations (including HiFert) made a loss of \$3.2 million (pre-hedging) during the June half 2004, compared with a profit of \$4.5 million for the June half 2003.

Stronger US dollar di-ammonium phosphate prices were largely negated by a strengthening Australian dollar. The Queensland fertilizer operations incurred a loss \$8.2 million compared with the June half 2003 loss of \$4.7 million. Production during the June half 2004 was interrupted by heavy rains in January and maintenance at the Mount Isa acid plant in June 2004.

The contribution, from WMC's distribution arm, HiFert, of \$5.0 million compared with \$9.2 million for the June half 2003, was impacted by higher freight costs.

### *Treasury*

Hedging gains contributed \$72.4 million to the group result, reflecting the strength of the Australian dollar relative to the fair value of the hedges in place at the time of demerger.

Net borrowing costs of \$16.4 million, reflect lower effective interest rates and reduced net debt levels.

Other non-operating revenues include a credit of \$10.3 million largely relating to the amortisation of net gains arising on translation of foreign currency debt.

*Tax*

The tax credit for the June half 2004 was \$45.9 million. Tax expense on earnings was more than offset by a tax credit of \$135.1 million arising from the recognition of a substantial proportion of the Australian tax losses and other timing differences not previously brought to account.

**Other factors which will impact future results:**

*Treasury*

The legacy currency hedge book for 2005 to 2008 was closed out in 2003. The resulting profit of \$366.9 million was deferred and will be recognised over the years 2005 to 2008 in line with the underlying production. The recognition profile of the deferred profits is set out in note 9 (page 19). The amounts recognized in 2005 to 2008 will be largely non-assessable for income tax purposes. The portion of the hedge book relating to the 2004 financial year was not closed out.

*SX insurance claim*

WMC has an outstanding claim in relation to the 2001 Olympic Dam fire. An amount of \$120.0 million was recognised in relation to the claim in the 2002 financial statements. To date, we have received \$81.5 million of cash in relation to the claim and carry a receivable of \$38.5 million on the balance sheet. We are currently engaged in a mediation process with our insurers.

The final amount of the claim will be in excess of the \$120.0 million already brought to account. Recognition of further amounts will be subject to the outcome of these discussions and accounting convention.

*Tax*

Strong taxable income in 2003 and the outlook for 2004 increased the certainty of recovery of off-balance sheet tax losses to the point that accounting convention requires the company to recognise substantially all of the known tax losses. Recognition over the full financial year will result in an effective tax credit on current year profit before tax of around 10 per cent. There remains a proportion of tax losses yet to be recognised, these may be brought to account during the current financial year, subject to levels of taxable income and accounting convention.

The company has not yet made a final determination whether or not to enter the tax consolidation regime. Accordingly the benefits (if any), which may arise from entering the new tax regime, have not yet been fully evaluated. Depending on the election made, it is possible, but not yet quantifiable, that the projected full year tax credit may be further increased in the 2004 year.



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### *Lanfranchi sale*

During the period, the company entered into a conditional agreement to sell the Lanfranchi mine and associated tenements at Kambalda for \$26.0 million. Subject to the fulfillment of the contractual conditions, it is expected that the sale (net of related costs) will be recognised in the second half of 2004.

### **Statement of financial position**

The group is in a strong financial position. As operators of large world-class assets we seek to finance our assets and growth opportunities with a mix of equity and debt financing that best balances risk and reward to shareholders.

At 30 June 2004, total assets were \$7.6 billion.

At 30 June 2004, the Group's gearing (measured as debt to debt-plus-equity) was just under 20 per cent. The 2003 Global Bond (US\$500 million 10 year and US\$200 million 30 year tenor) remains in place as core long term debt funding. Given the low gearing and strong cash flows WMC has cancelled part of the existing syndicated debt facility and will refinance the balance in August, prior to the maturity in November of one tranche with a dual currency revolver bank facility of US\$250 million with a two year maturity.

Total equity increased by just under \$500 million during first half of 2004, from \$3.9 billion at 31 December 2003 to \$4.4 billion at 30 June 2004. Total equity was strengthened by the 2004 first half profit after tax of \$514.8 million and from options exercised in the first half in respect of prior period option plans. Partially offsetting this increase was the payment of the 2003 final dividend, net of dividend reinvestment.

### **Statement of cash flows**

Cash flow from operations for the six months to 30 June 2004 was \$601.9 million compared with \$207.5 million for the same period in 2003. The stronger cash flow reflects improved commodity prices, increased copper sales and cash receipts on settlement of hedging contracts.

Capital expenditure for June half 2004 was \$198.6 million, \$106.4 million lower than the June 2003 half reflecting reduced expenditure on the construction of the Olympic Dam solvent extractions plants and lower scheduled major maintenance programs compared with the first half of 2003.



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During June 2004, WMC took advantage of strong operating cash flows to arrange early repayment of residual foreign exchange and gold hedge obligations relating to the gold operations previously conducted by the Group. First half 2004 cash flows reflect the settlement of \$107.0 million together with the current period payments, totalling \$116.1 million.

During the period, borrowings were paid down by \$238.2 million, compared with a net borrowings draw down in the June half 2003.

### **Dividends**

In consideration of the strong earnings and cash flows, driven by the cyclical highs in commodity prices, Directors have declared an interim dividend of 17 cents per share to be paid on 22 September with the record date for entitlements being 6 September.

WMC will continue the Dividend Reinvestment Plan but the Directors have determined that a zero per cent discount will apply to the interim dividend and to future dividends until further notice.

### **Risk and control compliance statement**

The directors have implemented internal control processes for identifying, evaluating and managing significant risks to the achievement of the company's objectives. These internal control processes cover financial, operational and compliance risks.

The company's corporate governance practices are outlined in detail in the WMC Business Performance Report Annual Report Concise 2003 on pages 39 to 47 and the corporate governance section of WMC's website ([www.wmc.com/about/governance.htm](http://www.wmc.com/about/governance.htm)).

The directors have received and considered a certification from the Chief Executive Officer and the Chief Financial Officer in respect of the integrity of the financial statements and risk management and internal compliance and control systems, and to the extent they relate to financial reporting they are, in all material respects, operating effectively.

It must be recognised, that even well designed, implemented and monitored controls can only provide a level of assurance of achieving the desired control objectives. Assurance control systems have inherent limitations and no evaluation of controls can provide absolute assurance that all issues have been detected.

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### **Non-audit services**

WMC is committed to audit independence. The audit committee reviews the independence of the external auditors on an annual basis. This process includes confirmation from the auditors that, in their professional judgement, they are independent of the WMC Resources group. To ensure that there is no potential conflict of interest in work undertaken by our external auditors (PricewaterhouseCoopers), they may only provide services that are consistent with the role of the company's auditor.

As WMC is a United States registrant, it is not permitted to use the external auditors to perform specific activities. Those activities have been legislated by Sarbanes Oxley Act of 2002 and other Securities and Exchange Commission (SEC) rules and regulations on the basis that they impede auditor independence. The external auditors can provide other non-audit services, but cannot provide such services when they are, or are perceived to be, in conflict with audit independence.

The board of directors has considered the position and, in accordance with the advice from the audit committee is satisfied that the provision of the non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. All non-audit services must be pre-approved by the audit committee. In certain circumstances, that authority is delegated to the audit committee's chairman.

The directors are of the opinion that the services as disclosed below do not compromise the external auditors' independence, based on advice received from the audit committee, for the following reasons:

All non-audit services have been reviewed and pre-approved to ensure that they do not impact the integrity and objectivity of the auditor. In certain circumstances, that authority is delegated to the audit committee's chairman;

None of the services undermine the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1 Professional Independence, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards; and

The services are in accordance with the SEC rules and regulations on auditor independence.

A copy of the auditor's independence declaration is set out on page 6.

The following fees for non-audit services were paid / payable to the external auditors during the six months to 30 June 2004:

|                                | Six months to<br>30 June 2004 |
|--------------------------------|-------------------------------|
|                                | \$ 000                        |
| Australian tax services        | 193                           |
| Overseas tax services          | 73                            |
| Project reviews                | 98                            |
| Sustainability report services | 89                            |
| Other                          | 31                            |
|                                | <hr/>                         |
|                                | 484                           |
|                                | <hr/>                         |

### Rounding of amounts

The company is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/0100. Amounts shown in this directors' report and the financial report have been rounded off to the nearest hundred thousand dollars except where otherwise required, in accordance with that class order.

This report is made in accordance with a resolution of the directors.

Andrew G Michelmore  
Chief Executive Officer

11 August 2004

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**Auditor s independence declaration**

As lead auditor for the review of WMC Resources Ltd for the half-year ended 30 June 2004, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Paul Bendall  
Partner  
PricewaterhouseCoopers

Melbourne  
11 August 2004

**Table of Contents****Consolidated statement of financial performance**

|  | Notes    | Six months to<br>30 June 2004 | Six months to<br>30 June 2003 |
|--|----------|-------------------------------|-------------------------------|
|  |          | \$M                           | \$M                           |
| Operating revenues   |          | 1,881.6                       | 1,417.0                       |
| Proceeds from sale of assets other than goods  |          | 2.3                           | 3.1                           |
| Interest received/receivable   |          | 8.4                           | 9.3                           |
| Other revenue from outside the operating activities  |          | 31.8                          |                               |
| <b>Revenue from ordinary activities</b>  | <b>2</b> | <b>1,924.1</b>                | <b>1,429.4</b>                |
| Cost of goods sold   |          | (1,193.0)                     | (1,116.2)                     |
| Selling and distribution expenses  |          | (50.3)                        | (46.2)                        |
| General and administrative expenses  |          | (101.2)                       | (114.8)                       |
| Exploration and evaluation expenses  |          | (10.5)                        | (12.2)                        |
| Borrowing costs  |          | (24.8)                        | (30.5)                        |
| Other expenses from ordinary activities  |          | (75.4)                        | (70.1)                        |
| <b>Profit from ordinary activities before income tax</b>   |          | <b>468.9</b>                  | <b>39.4</b>                   |
| Income tax credit relating to ordinary activities  | 4        | 45.9                          | 7.6                           |
| <b>Net profit attributable to members of WMC Resources Ltd</b>   |          | <b>514.8</b>                  | <b>47.0</b>                   |
| Net exchange differences recognised directly in equity   |          | 2.6                           | 1.1                           |
| Net transfers to retained earnings   |          | (3.0)                         |                               |
| <b>Total revenues, expenses and valuation adjustments attributable to members of WMC Resources Ltd and recognised directly in equity</b> |          | <b>(0.4)</b>                  | <b>1.1</b>                    |
| <b>Total changes in equity other than those resulting from transactions with owners as owners</b>  |          | <b>514.4</b>                  | <b>48.1</b>                   |

*The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.*

**Earnings per share (EPS)**

|                   | Notes | Six months to<br>30 June 2004 | Six months to<br>30 June 2003 |
|-------------------|-------|-------------------------------|-------------------------------|
| Basic EPS (cents) | 5     | 44.6                          | 4.2                           |

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|                     |   |      |     |
|---------------------|---|------|-----|
| Diluted EPS (cents) | 5 | 44.5 | 4.2 |
|---------------------|---|------|-----|

**Net tangible assets per share**

|                                    | <b>30 June</b> | <b>31 December</b> |
|------------------------------------|----------------|--------------------|
|                                    | <b>2004</b>    | <b>2003</b>        |
| Net tangible assets per share (\$) | 3.82           | 3.43               |

**Table of Contents****Consolidated statement of financial position**

|                                      | Notes | 30 June<br>2004 | 31 December<br>2003 |
|--------------------------------------|-------|-----------------|---------------------|
|                                      |       | \$M             | \$M                 |
| <b>CURRENT ASSETS</b>                |       |                 |                     |
| Cash assets                          |       | 120.5           | 100.3               |
| Receivables                          |       | 413.6           | 450.4               |
| Other financial assets               |       | 13.3            | 13.1                |
| Inventories                          |       | 574.4           | 545.8               |
| Other                                |       | 78.3            | 68.1                |
| <b>Total current assets</b>          |       | <b>1,200.1</b>  | <b>1,177.7</b>      |
| <b>NON-CURRENT ASSETS</b>            |       |                 |                     |
| Receivables                          |       | 187.7           | 277.3               |
| Other financial assets               |       | 21.4            | 21.3                |
| Inventories                          |       | 68.4            | 71.2                |
| Exploration and evaluation           | 8     | 75.6            | 68.5                |
| Property, plant and equipment        | 8     | 4,502.9         | 4,520.5             |
| Acquired mineral rights              |       | 1,342.1         | 1,354.8             |
| Deferred tax assets                  |       | 182.0           | 46.0                |
| Other                                | 8     | 20.7            | 22.9                |
| <b>Total non-current assets</b>      |       | <b>6,400.8</b>  | <b>6,382.5</b>      |
| <b>TOTAL ASSETS</b>                  |       | <b>7,600.9</b>  | <b>7,560.2</b>      |
| <b>CURRENT LIABILITIES</b>           |       |                 |                     |
| Payables                             |       | 396.8           | 432.2               |
| Interest-bearing liabilities         |       | 190.7           | 212.0               |
| Current tax liabilities              |       | 2.0             | 1.3                 |
| Provisions                           |       | 75.3            | 67.7                |
| Other                                | 9     | 140.0           | 184.4               |
| <b>Total current liabilities</b>     |       | <b>804.8</b>    | <b>897.6</b>        |
| <b>NON-CURRENT LIABILITIES</b>       |       |                 |                     |
| Payables                             |       | 208.4           | 379.2               |
| Interest-bearing liabilities         |       | 1,020.5         | 1,141.2             |
| Deferred tax liabilities             |       | 471.4           | 382.0               |
| Provisions                           |       | 126.4           | 121.8               |
| Other                                | 9     | 541.5           | 688.7               |
| <b>Total non-current liabilities</b> |       | <b>2,368.2</b>  | <b>2,712.9</b>      |
| <b>TOTAL LIABILITIES</b>             |       | <b>3,173.0</b>  | <b>3,610.5</b>      |

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|                     |    |                |                |
|---------------------|----|----------------|----------------|
| <b>NET ASSETS</b>   |    | <b>4,427.9</b> | <b>3,949.7</b> |
|                     |    | <hr/>          | <hr/>          |
| <b>EQUITY</b>       |    |                |                |
| Contributed equity  |    | 3,783.6        | 3,747.7        |
| Reserves            |    | 2.1            | 2.5            |
| Retained profits    | 10 | 642.2          | 199.5          |
|                     |    | <hr/>          | <hr/>          |
| <b>TOTAL EQUITY</b> |    | <b>4,427.9</b> | <b>3,949.7</b> |
|                     |    | <hr/>          | <hr/>          |

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*



**Table of Contents****Consolidated statement of cash flows**

|  | <u>Notes</u> | <u>Six months to<br/>30 June 2004</u> | <u>Six months to<br/>30 June 2003</u> |
|--|--------------|---------------------------------------|---------------------------------------|
|  |              | \$M                                   | \$M                                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |              |                                       |                                       |
| Receipts from customers  |              | 1,907.2                               | 1,394.8                               |
| Payments to suppliers and employees  |              | (1,291.5)                             | (1,151.0)                             |
| Receipts / (payments) on settlement of hedge contracts                           |              | 19.7                                  | (18.1)                                |
| Interest received  |              | 8.3                                   | 11.9                                  |
| Borrowing costs paid   |              | (31.3)                                | (17.9)                                |
| Income taxes paid  |              |                                       | (1.6)                                 |
| Payments for exploration:  |              |                                       |                                       |
| - Grassroots   |              | (8.0)                                 | (9.3)                                 |
| - Additional, supporting existing operations                                     |              | (2.5)                                 | (1.3)                                 |
| <b>Net cash provided by operating activities</b>                                 |              | <b>601.9</b>                          | <b>207.5</b>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |              |                                       |                                       |
| Payments for property, plant and equipment                                       |              | (198.6)                               | (305.0)                               |
| Payments for evaluation expenditure  |              | (7.4)                                 | (4.3)                                 |
| Proceeds from sale of non-current assets   |              | 2.3                                   | 3.1                                   |
| Demerger costs paid  |              |                                       | (45.1)                                |
| Payments for research and development  |              | (0.2)                                 |                                       |
| <b>Net cash used in investing activities</b>                                     |              | <b>(203.9)</b>                        | <b>(351.3)</b>                        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |              |                                       |                                       |
| Proceeds from issues of shares   |              | 17.1                                  | 5.9                                   |
| Dividends paid   | 7            | (44.6)                                |                                       |
| Global bond issue costs paid   |              |                                       | (8.9)                                 |
| Payments on settlement of legacy gold asset related hedge contracts <sup>1</sup> |              | (116.1)                               | (20.3)                                |
| Payment on close-out of interest rate hedge                                      |              |                                       | (38.5)                                |
| Proceeds from borrowings   |              |                                       | 1,087.8                               |
| Repayments of borrowings   |              | (238.2)                               | (843.9)                               |
| <b>Net cash (used in) / provided by financing activities</b>                     |              | <b>(381.8)</b>                        | <b>182.1</b>                          |
| <b>Net increase in cash held</b>   |              | <b>16.2</b>                           | <b>38.3</b>                           |
| Cash at the beginning of the period  |              | 100.3                                 | 90.5                                  |
| Effect of exchange rate changes on opening foreign currency cash balances        |              | 4.0                                   | (8.0)                                 |
| <b>Cash at the end of the period</b>   |              | <b>120.5</b>                          | <b>120.8</b>                          |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

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<sup>1</sup> During June 2004, WMC took advantage of the strong cash flows to arrange early repayment of certain residual foreign exchange and gold hedge obligations relating to the gold operations previously conducted by the group. A total payment of \$107.0 million was made which included a \$19.9 million reduction in the future commitments representing the time value of money at Australian dollar interest rates. Additionally, \$9.1 million of routine payments were made during the first half of 2004 to settle contracts which matured prior to June. An amount of \$20.3 million of payments made in the six months to 30 June 2003 on maturity of gold asset related hedges has been reclassified for consistency.

**Non-cash financing and investing activities**

During the period 4,889,328 shares with a value of \$24.5 million were issued under the dividend reinvestment plan.

**Table of Contents****Notes to and forming part of the consolidated financial statements****1. Basis of financial report preparation**

This general purpose financial report is for the half-year ended 30 June 2004, and has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4D and in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

This interim report does not include all of the notes of the type normally included in an annual financial report. It is recommended that this report be read in conjunction with the annual report for the year ended 31 December 2003 and any public announcements made by WMC Resources Ltd and its controlled entities during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

This financial report is prepared in accordance with the historical cost convention. Comparative information is re-classified where appropriate to enhance comparability.

**2. Revenue and expenses from ordinary activities**

|   | <b>Six months to<br/>30 June 2004</b> | <b>Six months to<br/>30 June 2003</b> |
|---|---------------------------------------|---------------------------------------|
|   | <b>\$M</b>                            | <b>\$M</b>                            |
| <b>Revenues from operating activities:</b>                            |                                       |                                       |
| Sale of goods   | 1,881.6                               | 1,417.0                               |
| <b>Revenue from outside operating activities:</b>                     |                                       |                                       |
| Proceeds from sale of assets other than goods                         | 2.3                                   | 3.1                                   |
| Interest received/receivable  | 8.4                                   | 9.3                                   |
| Insurance proceeds received / receivable                              | 21.5                                  |                                       |
| Foreign exchange gain (net)   | 10.3                                  |                                       |
| <b>Revenue from ordinary activities</b>                               | <b>1,924.1</b>                        | <b>1,429.4</b>                        |
| <b>Expenses from ordinary activities</b>                              |                                       |                                       |
| Depreciation and amortisation (including amortisation of intangibles) | 222.2                                 | 243.4                                 |



**Table of Contents****3. Significant items**

Profit from ordinary activities after income tax, includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity due to their size or nature:

|   | Notes | Six months to<br>30 June 2004 | Six months to<br>30 June 2003 |
|---|-------|-------------------------------|-------------------------------|
|   | —     | —                             | —                             |
|   |       | \$M                           | \$M                           |
| Idle capacity charge - SX fire                                      | 3(a)  | (1.5)                         | (23.2)                        |
| Tax losses and timing differences not previously brought to account | 3(b)  | 135.1                         |                               |
| <b>Total significant items after tax</b>                            |       | <b>133.6</b>                  | <b>(23.2)</b>                 |

**(a) Idle capacity charge - SX fire:**

|   |  |              |               |
|---|--|--------------|---------------|
| Idle capacity charge in relation to the fire at the Olympic Dam solvent extraction (SX) plant |  | (2.2)        | (33.1)        |
| Income tax credit   |  | 0.7          | 9.9           |
|   |  | <b>(1.5)</b> | <b>(23.2)</b> |

On 21 October 2001, a fire destroyed a large portion of the tank farm area of the copper and uranium solvent extraction facilities at Olympic Dam. Other expenses from ordinary activities includes idle capacity costs associated with lower production of copper and uranium during the rebuild of the solvent extraction facilities. The solvent extraction facilities are now complete and have ramped up to full capacity during the six months ended 30 June 2004.

**(b) Tax losses and timing differences not previously brought to account**

|  |              |
|--|--------------|
|  | <b>135.1</b> |
|--|--------------|

Strong taxable income in 2003 and continued strong profitability in 2004 increased the certainty of recovery of off balance sheet tax benefits, comprised predominantly of tax losses. As a result, the tax credit of \$45.9 million for the six months to 30 June 2004 includes a tax accounting credit of \$135.1 million arising from the recognition of a substantial proportion of the Australian tax losses along with some other timing differences not previously brought to account.

**Table of Contents****4. Income tax****(a) Prima facie tax reconciliation**

|  | Six months to<br>30 June 2004 | Six months to<br>30 June 2003 |
|--|-------------------------------|-------------------------------|
| Profit from ordinary activities before income tax                                      | 468.9                         | 39.4                          |
| Prima facie tax expense at the rate of 30%   | (140.7)                       | (11.8)                        |
| <i>The following items caused the total income tax expense to vary from the above:</i> |                               |                               |
| Adjustment for impact of hedging contracts fair valued at demerger:                    |                               |                               |
| - legacy currency and commodity hedging  | 15.4                          | 12.1                          |
| - residual hedge obligations relating to the former gold operations                    | 34.8                          | 6.1                           |
| Non-deductible depreciation or amortisation  | (3.7)                         | 1.0                           |
| Future income tax benefits recognised / (not brought to account) - overseas            | 1.5                           | (3.5)                         |
| Future income tax benefits recognised - Australia                                      | 135.1                         | 1.9                           |
| Other  | (1.2)                         | 1.7                           |
| Over-provision of tax in prior year  | 4.7                           | 0.1                           |
| <i>Consequent reduction in income tax expense</i>                                      | 186.6                         | 19.4                          |
| <b>Income tax credit</b>   | <b>45.9</b>                   | <b>7.6</b>                    |
| <b>Comprising:</b>   |                               |                               |
| - current income tax   | (0.7)                         | (0.1)                         |
| - deferred income tax  | (107.9)                       | (45.2)                        |
| - income tax benefit   | 149.8                         | 52.8                          |
| - over-provision of tax in prior year  | 4.7                           | 0.1                           |
| <b>Income tax credit</b>   | <b>45.9</b>                   | <b>7.6</b>                    |

**(b) Tax losses and other timing differences**

|  | 30 June<br>2004 | 31 December<br>2003 |
|--|-----------------|---------------------|
|  | \$M             | \$M                 |
| As at the end of the period, the following after tax effect of future income tax benefits has not been brought to account: |                 |                     |
| - income tax losses - Australian <sup>1</sup>  | 112.8           | 339.3               |
| - income tax losses - Overseas   | 37.1            | 44.5                |
| - income tax timing differences <sup>1</sup>   | 172.5           | 81.1                |
| - capital timing differences   | 2.6             | 2.0                 |
| - capital losses   | 142.9           | 126.4               |

467.9

593.3

<sup>1</sup> The December 2003 Australian tax losses and timing differences have been amended following the lodgement of the 2003 tax returns.

**(c) Tax consolidations**

The Australian Tax Consolidation legislation came into effect on 1 July 2002. The wholly-owned Australian resident subsidiaries within the WMC Resources Ltd group, and the company, may by election enter the tax consolidation regime.

The Group has yet to finally determine whether or not to elect under the consolidations regime. Any impact on the financial statements has not yet been determined. It is anticipated the Group will be able to determine this position late in the 2004 calendar year. In the event that the Group elects to consolidate, there is not expected to be any significant adverse effect on recorded tax assets.

Due to the single entity concept contained in the tax consolidation regime, there may be an impact in subsequent years on the tax-related items reported in the company's financial statements and those of its wholly owned Australian resident subsidiaries. Franking account balances, if any, of the company and the wholly-owned subsidiaries may also be impacted.

**Table of Contents****5. Earnings per share (EPS)**

|                            | Six months to<br>30 June 2004 | Six months to<br>30 June 2003 |
|----------------------------|-------------------------------|-------------------------------|
| Basic earnings per share   | <i>cents</i> 44.6             | 4.2                           |
| Diluted earnings per share | <i>cents</i> 44.5             | 4.2                           |

**Weighted average number of shares used in the calculation of earnings per share:**

|                                       | Number of shares |               |
|---------------------------------------|------------------|---------------|
|                                       | 30 June 2004     | 30 June 2003  |
| Number for basic earnings per share   | 1,154,145,509    | 1,128,920,217 |
| Effect of share options on issue      | 2,001,148        | 943,029       |
| Number for diluted earnings per share | 1,156,146,657    | 1,129,863,246 |

**6. Segment information****(a) Description of business segments:**

|                       |   |
|-----------------------|---|
| <b>Copper-uranium</b> | Exploration, development, mining, smelting and refining of copper, and extraction of uranium in South Australia.                            |
| <b>Nickel</b>         | Exploration, development, mining, smelting and refining of nickel in Western Australia.   |
| <b>Fertilizer</b>     | Exploration, development and mining of fertilizer product in Phosphate Hill, Queensland and distribution of fertilizer products via HiFert. |



**Table of Contents****6. Segment information (continued)****(b) Information for the six months ended 30 June 2004****Business segments**

|  | <u>Copper-uranium</u> | <u>Nickel</u>  | <u>Fertilizer</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|-----------------------|----------------|-------------------|---------------------|---------------------|
|  | \$M                   | \$M            | \$M               | \$M                 | \$M                 |
| <b>Revenue</b>                                       |                       |                |                   |                     |                     |
| Sales revenue <sup>1,2</sup>                         | 476.2                 | 1,047.5        | 285.5             |                     | 1,809.2             |
| Inter-segment sales revenue                          |                       | 1.2            | 5.1               | (6.3)               |                     |
| Total sales revenue from operations (before hedging) | 476.2                 | 1,048.7        | 290.6             | (6.3)               | 1,809.2             |
| Hedging  | 32.5                  | 36.4           | 3.5               |                     | 72.4                |
| <b>Revenue from operating activities</b>             |                       |                |                   |                     | <b>1,881.6</b>      |
| Insurance proceeds received / receivable             | 41.5                  |                |                   | (20.0) <sup>3</sup> | 21.5                |
| Proceeds from disposal of non-current assets:        |                       |                |                   |                     |                     |
| Business segments                                    | 0.1                   | 0.2            | 0.2               |                     | 0.5                 |
| Unallocated  |                       |                |                   |                     | 1.8                 |
| <b>Segment revenues</b>                              | <b>550.3</b>          | <b>1,085.3</b> | <b>294.3</b>      |                     |                     |
| Interest received/receivable                         |                       |                |                   |                     | 8.4                 |
| Foreign exchange gains (net)                         |                       |                |                   |                     | 10.3                |
| <b>Revenue from ordinary activities</b>              |                       |                |                   |                     | <b>1,924.1</b>      |
| <b>Result <sup>2</sup></b>                           |                       |                |                   |                     |                     |
| Earnings before allocation of hedging result         | 77.4                  | 380.1          | (3.2)             |                     | 454.3               |
| Unallocated losses <sup>4</sup>                      |                       |                |                   |                     | (16.2)              |
|  |                       |                |                   |                     | <b>438.1</b>        |
| Hedging  | 32.5                  | 36.4           | 3.5               |                     | 72.4                |
| <b>Segment result</b>                                | <b>109.9</b>          | <b>416.5</b>   | <b>0.3</b>        |                     |                     |
| Earnings from operations                             |                       |                |                   |                     | 510.5               |
| <i>Unallocated corporate expenses:</i>               |                       |                |                   |                     |                     |
| New business   |                       |                |                   |                     | (12.6)              |
| Exploration  |                       |                |                   |                     | (11.5)              |
| Corporate  |                       |                |                   |                     | (11.4)              |
| Finance and other costs                              |                       |                |                   |                     | 10.3                |
| Net borrowing costs                                  |                       |                |                   |                     | (16.4)              |

|   |              |
|---|--------------|
| <b>Profit from ordinary activities before income tax credit</b> | <b>468.9</b> |
| Income tax credit   | 45.9         |
| <b>Net profit after tax</b>                                     | <b>514.8</b> |

- 
- <sup>1</sup> Sales revenue includes intermediate product sales. Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arm's-length basis and are eliminated on consolidation.
  - <sup>2</sup> Revenue and costs relating to power sales made by Nickel to third parties in Western Australia are now reported as part of Nickel's revenues and costs, with minimal net contribution to profit.
  - <sup>3</sup> \$20.0 million relates to the self-insurance amount payable by WMC's captive insurance entity.
  - <sup>4</sup> Unallocated profits / (losses) are largely matched by costs/revenues in business segments with minimal net impact on group earnings.

**Table of Contents****6. Segment information (continued)****(b) Information for the six months ended 30 June 2004 (continued)****Business segments (continued)**

|   | Copper-<br>uranium | Nickel | Fertilizer | Consolidated |
|---|--------------------|--------|------------|--------------|
|   | \$M                | \$M    | \$M        | \$M          |
| Depreciation and amortisation                   | 111.2              | 85.7   | 25.1       | 222.0        |
| Unallocated depreciation and amortisation       |                    |        |            | 0.2          |
| <b>Total depreciation and amortisation</b>      |                    |        |            | <b>222.2</b> |
| Acquisitions of non-current assets <sup>1</sup> | 48.5               | 148.5  | 5.0        | 202.0        |
| Unallocated corporate acquisitions <sup>2</sup> |                    |        |            | 5.9          |
| <b>Total acquisitions of non-current assets</b> |                    |        |            | <b>207.9</b> |

<sup>1</sup> Comprises acquisitions of property, plant and equipment, exploration and evaluation, mine properties under development and acquired mineral rights.

<sup>2</sup> Includes capitalised interest of \$1.9 million.

|  |         |         |       |                |
|--|---------|---------|-------|----------------|
| <b>Assets as at 30 June 2004:</b>      |         |         |       |                |
| Segment assets                         | 4,345.6 | 1,850.4 | 729.2 | 6,925.2        |
| Unallocated corporate assets           |         |         |       | 675.7          |
| <b>Consolidated total assets</b>       |         |         |       | <b>7,600.9</b> |
| <b>Liabilities as at 30 June 2004:</b> |         |         |       |                |
| Segment liabilities                    | 452.1   | 267.4   | 55.6  | 775.1          |
| Unallocated corporate liabilities      |         |         |       | 2,397.9        |
| <b>Consolidated total liabilities</b>  |         |         |       | <b>3,173.0</b> |

**Table of Contents****6. Segment information (continued)****(c) Information for the six months ended 30 June 2003****Business segments**

|   | Six months to 30 June 2003 |              |              |             |                |
|---|----------------------------|--------------|--------------|-------------|----------------|
|   | Copper-<br>uranium         | Nickel       | Fertilizer   | Elimination | Consolidated   |
|   | \$M                        | \$M          | \$M          | \$M         | \$M            |
| <b>Revenue</b>  |                            |              |              |             |                |
| Sales revenue <sup>1,2</sup>                                    | 362.6                      | 776.2        | 256.1        |             | 1,394.9        |
| Inter-segment sales revenue                                     |                            |              | 3.8          | (3.8)       |                |
| Total sales revenue from operations (before hedging)            | 362.6                      | 776.2        | 259.9        | (3.8)       | 1,394.9        |
| Hedging   | 6.9                        | 12.9         | 2.3          |             | 22.1           |
| <b>Revenues from operating activities</b>                       |                            |              |              |             | <b>1,417.0</b> |
| Proceeds from disposal of non-current assets:                   |                            |              |              |             |                |
| Business segments   | 0.4                        | 1.3          | 0.1          |             | 1.8            |
| Unallocated   |                            |              |              |             | 1.3            |
| <b>Segment revenues</b>   | <b>369.9</b>               | <b>790.4</b> | <b>262.3</b> |             |                |
| Interest received / receivable                                  |                            |              |              |             | 9.3            |
| <b>Revenue from ordinary activities</b>                         |                            |              |              |             | <b>1,429.4</b> |
| <b>Result</b> <sup>2,3</sup>                                    |                            |              |              |             |                |
| Earnings before allocation of hedging result                    | (42.2)                     | 104.6        | 4.5          |             | 66.9           |
| Unallocated profits <sup>4</sup>                                |                            |              |              |             | 4.4            |
| Hedging   | 6.9                        | 12.9         | 2.3          |             | 22.1           |
| <b>Segment result</b>   | <b>(35.3)</b>              | <b>117.5</b> | <b>6.8</b>   |             |                |
| Earnings from operations  |                            |              |              |             | 93.4           |
| <i>Unallocated corporate expenses:</i>                          |                            |              |              |             |                |
| New business  |                            |              |              |             | (12.3)         |
| Exploration   |                            |              |              |             | (10.7)         |
| Corporate   |                            |              |              |             | (8.7)          |
| Finance and other costs   |                            |              |              |             | (1.1)          |
| Net borrowing costs   |                            |              |              |             | (21.2)         |
| <b>Profit from ordinary activities before income tax credit</b> |                            |              |              |             | <b>39.4</b>    |

|                             |             |
|-----------------------------|-------------|
| Income tax credit           | 7.6         |
| <b>Net profit after tax</b> | <b>47.0</b> |

- 
- <sup>1</sup> Sales revenue includes intermediate product sales. Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arm's-length basis and are eliminated on consolidation.
  - <sup>2</sup> Revenue and costs relating to power sales made by Nickel to third parties in Western Australia are now reported as part of Nickel's revenues and costs, with minimal net contribution to Nickel's profit. Sales revenue and profit for Nickel have been restated for 2003 accordingly.
  - <sup>3</sup> The results have been restated to reflect additional shared services cost recoveries introduced with effect from 1 January 2003. As a result, segment results have changed. There is no impact on the overall consolidated profit.
  - <sup>4</sup> Unallocated profit/(loss) is largely matched by costs/revenues in business segments with minimal net contribution to group earnings.

**Table of Contents****6. Segment information (continued)****(c) Information for the six months ended 30 June 2003 (continued)****Business segments (continued)**

|   | Copper-<br>uranium | Nickel | Fertilizer | Consolidated |
|---|--------------------|--------|------------|--------------|
|   | \$M                | \$M    | \$M        | \$M          |
| <b>Depreciation and amortisation</b>                  | 115.0              | 103.7  | 20.8       | 239.5        |
| Unallocated depreciation and amortisation             |                    |        |            | 3.9          |
|   |                    |        |            | <b>243.4</b> |
| <b>Acquisition of non-current assets</b> <sup>1</sup> | 171.0              | 118.9  | 13.9       | 303.8        |
| Unallocated corporate acquisitions <sup>2</sup>       |                    |        |            | 7.5          |
|   |                    |        |            | <b>311.3</b> |

<sup>1</sup> Comprises acquisitions of property, plant and equipment, exploration and evaluation expenditure, mine properties under development and acquired mineral rights.

<sup>2</sup> Includes capitalised interest of \$3.6 million.

|   |         |         |       |                |
|---|---------|---------|-------|----------------|
| <b>Assets as at 31 December 2003:</b> <sup>1</sup>      |         |         |       |                |
| Segment assets  | 4,313.0 | 1,835.4 | 753.5 | 6,901.9        |
| Unallocated corporate assets                            |         |         |       | 658.3          |
|   |         |         |       | <b>7,560.2</b> |
| <b>Liabilities as at 31 December 2003:</b> <sup>1</sup> |         |         |       |                |
| Segment liabilities                                     | 443.8   | 345.1   | 85.6  | 874.5          |
| Unallocated corporate liabilities                       |         |         |       | 2,736.0        |
|   |         |         |       | <b>3,610.5</b> |

<sup>1</sup> Assets and liabilities relating to power sales made by Nickel to third parties in Western Australia are now reported as part of the Nickel business unit. The amounts above have been restated accordingly.

**Table of Contents****7. Dividends**

|  | <u>Notes</u> | <u>Six months to<br/>30 June 2004</u> | <u>Six months to<br/>30 June 2003</u> |
|--|--------------|---------------------------------------|---------------------------------------|
|  |              | \$M                                   | \$M                                   |
| <b>(a) Dividends paid during the six months to 30 June 2004:</b> |              |                                       |                                       |
| - Paid in cash   |              | 44.6                                  |                                       |
| - Satisfied through the issue of shares                          | 7(c)         | 24.5                                  |                                       |
|  |              | <u>69.1</u>                           |                                       |

**(b)** On 11 August 2004, the directors declared an interim dividend of 17 cents per share (\$196.9 million) to be paid on 22 September with the record date for entitlements being 6 September.

**(c)** Dividend reinvestment plans

WMC Resources offers shareholders resident in Australia and New Zealand the opportunity to reinvest part or all of their dividends in additional WMC shares through our Dividend Reinvestment Plan (DRP). The terms and conditions for the DRP may be found on WMC's website at [www.wmc.com/investor/sharediv.htm](http://www.wmc.com/investor/sharediv.htm).

During the period 4,889,328 shares with a value of \$24.5 million were issued under the dividend reinvestment plan.

The directors have determined that WMC will continue the DRP but a zero per cent discount will apply to the 2004 interim dividend and to future dividends until further notice. The last date for receipt by the company of an election notice for participation in the DRP in respect of the 2004 interim dividend is 6 September 2004.

**8. Capitalised outlays**

|   | <u>Six months to<br/>30 June 2004</u> | <u>Six months to<br/>30 June 2003</u> |
|---|---------------------------------------|---------------------------------------|
|   | \$M                                   | \$M                                   |
| Borrowing costs capitalised (into property, plant & equipment)      | 1.9                                   | 3.6                                   |
| Global bond issue costs capitalised (into other non-current assets) |                                       | 10.0                                  |
| Corridor Sands exploration and evaluation expenditure capitalised   | 2.4                                   | 2.7                                   |
| Exploration and evaluation expenditure acquired (Cliffs)            | 5.0                                   |                                       |

**Table of Contents****9. Deferred gains - hedging contracts**

Deferred gains in relation to hedging contracts are reported within other current and non-current liabilities in the statement of financial position. The net deferred gains as at 30 June 2004 and 31 December 2003 are:

|                              | <b>30 June<br/>2004</b> | <b>31 December<br/>2003</b> |
|------------------------------|-------------------------|-----------------------------|
|                              | <b>\$M</b>              | <b>\$M</b>                  |
| Current - deferred gains     | 128.3                   | 175.1                       |
| Non-current - deferred gains | 537.2                   | 684.6                       |
| <b>Total deferred gains</b>  | <b>665.5</b>            | <b>859.7</b>                |

Deferred gains mainly consist of realised and unrealised gains and losses arising from revaluations of foreign-denominated debt and commodity and currency hedging contracts that relate to commodities to be produced and sold in future years. The deferred gains and losses will be brought to account when the underlying transaction occurs.

During 2003 and early 2004, the close out of the 2005-2008 legacy foreign exchange and commodity contracts has realised a large proportion of these gains (refer below). Whether the remaining unrealised deferred balances will be realised and at what amount depends upon commodity and currency price movements until the maturity of the hedge contracts or debt concerned.

The expected timing of recognition of the deferred gains and losses based on current valuations is shown below:

**Deferred hedging gains / (losses) as at 30 June 2004**

|                 | <b>Less than 1 Year</b> | <b>1 - 2 Years</b> | <b>2 - 3 Years</b> | <b>3 - 4 Years</b> | <b>4 - 5 Years</b> | <b>More than 5 Years</b> | <b>Total</b> |
|-----------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------------|--------------|
|                 | <b>\$M</b>              | <b>\$M</b>         | <b>\$M</b>         | <b>\$M</b>         | <b>\$M</b>         | <b>\$M</b>               | <b>\$M</b>   |
| Deferred gains  | 140.7                   | 115.9              | 139.8              | 103.2              | 65.5               | 311.4                    | 876.5        |
| Deferred losses | (12.4)                  | (5.4)              | (43.4)             | (3.9)              | (3.8)              | (142.1)                  | (211.0)      |
| <b>Total</b>    | <b>128.3</b>            | <b>110.5</b>       | <b>96.4</b>        | <b>99.3</b>        | <b>61.7</b>        | <b>169.3</b>             | <b>665.5</b> |

*Close out of foreign currency and commodity hedge book*



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Included in the above net deferred gain is a realised gain of \$385.8 million in relation to foreign currency and commodity hedges maturing between 2004 and 2010 which were closed-out during 2003 and early 2004. In accordance with Australian Accounting Standards, these gains will be deferred until the underlying transaction occurs. The expected timing of recognition of the realised deferred gains on the close out of the foreign currency and commodity hedge book is shown below:

| <b>Deferred gains:</b> | <b>Less than 1 Year</b> | <b>1 - 2 Years</b> | <b>2 - 3 Years</b> | <b>3 - 4 Years</b> | <b>4 - 5 Years</b> | <b>More than 5 Years</b> | <b>Total</b> |
|------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------------|--------------|
|                        | <b>\$M</b>              | <b>\$M</b>         | <b>\$M</b>         | <b>\$M</b>         | <b>\$M</b>         | <b>\$M</b>               | <b>\$M</b>   |
| Foreign currency       | 54.5                    | 97.5               | 82.3               | 88.0               | 44.6               |                          | 366.9        |
| Gold                   | 3.2                     | 2.7                | 2.6                | 2.7                | 2.8                | 4.9                      | 18.9         |
| <b>Total</b>           | <b>57.7</b>             | <b>100.2</b>       | <b>84.9</b>        | <b>90.7</b>        | <b>47.4</b>        | <b>4.9</b>               | <b>385.8</b> |

**Table of Contents****10. Retained profits**

|   | <b>6 months to</b> | <b>6 months to</b> | <b>12 months to</b> |
|---|--------------------|--------------------|---------------------|
|   | <b>30 June</b>     | <b>30 June</b>     | <b>31 December</b>  |
|   | <b>2004</b>        | <b>2003</b>        | <b>2003</b>         |
|   | <b>\$M</b>         | <b>\$M</b>         | <b>\$M</b>          |
| Retained profits /(accumulated losses) at the beginning of the period | 199.5              | (77.5)             | (77.5)              |
| Net profit attributable to members of WMC Resources Ltd               | 514.8              | 47.0               | 245.6               |
| Dividends paid  | (69.1)             |                    |                     |
| Net transfers - from asset revaluation reserve                        |                    |                    | 24.5                |
| - from foreign currency translation reserve                           | (3.0)              | 0.4                | 6.9                 |
| <b>Retained profits/(accumulated losses) at the end of the period</b> | <b>642.2</b>       | <b>(30.1)</b>      | <b>199.5</b>        |

**11. Control gained / lost over entities having material effect**

There have been no acquisitions or losses of control of material entities in the six months to 30 June 2004.

**Table of Contents****12. Issued and quoted securities at end of current period**

| <u>Ordinary shares</u>                                  | <u>Number<br/>issued</u> | <u>Number<br/>quoted</u> | <u>Issue price<br/>per share(\$)</u> |
|---|--------------------------|--------------------------|--------------------------------------|
| Fully paid shares at end of period                      | 1,157,655,181            | 1,157,655,181            | Various                              |
| <i>Changes during the current period:</i>               |                          |                          |                                      |
| Increase in fully paid shares following:                |                          |                          |                                      |
| i) Issue of shares under the dividend reinvestment plan | 4,889,328                | 4,889,328                | \$ 5.01                              |
| ii) Exercise of options                                 | 2,694,908                | 2,694,908                | Various                              |
| Total increase in fully paid shares                     | 7,584,236                | 7,584,236                |                                      |

**Unquoted employee options**

|  | <u>Number<br/>issued</u> | <u>Number<br/>quoted</u> | <u>Exercise<br/>price</u> | <u>Expiry date</u> |
|--|--------------------------|--------------------------|---------------------------|--------------------|
| Unquoted employee options to acquire fully paid ordinary shares as at 30 June 2004 | 1,221,775                | Nil                      | \$ 3.90                   | 20 December 2004   |
|  | 1,530,200                | Nil                      | \$ 3.48                   | 18 December 2005   |
|  | 3,835,400                | Nil                      | \$ 4.33                   | 30 November 2006   |
|  | 6,927,462                | Nil                      | \$ 4.34                   | 23 December 2007   |
|  | 13,514,837               |                          |                           |                    |
| Options issued during the current period   | Nil                      | Nil                      |                           |                    |
| Reinstatement of options lapsed  | 2,600                    | Nil                      | \$ 4.34                   | 23 December 2007   |
| Options exercised during the current period  | 168,170                  | Nil                      | \$ 3.90                   | 20 December 2004   |
|  | 268,300                  | Nil                      | \$ 3.48                   | 18 December 2005   |
|  | 564,500                  | Nil                      | \$ 4.33                   | 30 November 2006   |
|  | 1,693,938                | Nil                      | \$ 4.34                   | 23 December 2007   |
|  | 2,694,908                |                          |                           |                    |

**13. Contingent assets and liabilities**

There have been no significant changes in contingent assets and liabilities in the six months to 30 June 2004.

**14. Events subsequent to balance date**

There has not arisen in the interval between the end of the period and the date of this report, any item, transaction or event of a material or unusual nature which has or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future periods.

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**15. International financial reporting standards (IFRS)**

WMC will be required to prepare financial statements which comply with International Financial Reporting Standards ( IFRS ), as issued by the Australian Accounting Standards Board, from 1 January 2005. The financial report for the half year ending 30 June 2005 will be the first financial report prepared in compliance with IFRS. Comparative information will be required to be restated to reflect the application of IFRS to that comparative period.

As WMC is an SEC foreign registrant, it is required to present statements of financial performance and cash flows and related notes for a three year period for its US financial report on Form 20-F. This would normally require the WMC IFRS transition date to be on 1 January 2003, one year earlier than required for Australian only listed entities. The SEC is currently considering whether the additional comparative year will be waived. As a result, WMC s transition date may be either 1 January 2003 or 1 January 2004. Irrespective of the actual transition date, WMC will provide a complete reconciliation from existing Australian generally accepted accounting principles to IFRS accounting principles.

During 2003, WMC established a project team to manage and plan the transition, ensure all stakeholders are informed and to identify solutions to issues which arise during the project. A detailed technical evaluation, calculation of transition adjustments and management of any process or system changes required is underway.

The changes identified to date that will be required to WMC s existing accounting policies include the following:

**1. Impairment of Assets**

The recoverable amount of non-current assets will be assessed as the higher of net selling price and value in use, on a discounted basis. WMC currently assesses recoverable amounts of non-current assets based on undiscounted future net cash flows.

*Impact on WMC:*

|                   |   |
|-------------------|---|
| Transition impact | current assessment does not indicate any impact on the IFRS opening statement of financial position.  |
| Continuing impact | future economic cycles and other risks and uncertainties could result in a greater volatility of earnings as a consequence of write-downs (and subsequent reversals) of non-current assets. |

**2. Provision for environmental rehabilitation**

Environmental obligations associated with the retirement or disposal of long lived assets will be recognised when the disturbance occurs and is based on the extent of damage incurred. The provision is measured as the present value of the future expenditure. A corresponding rehabilitation asset is also recognised. On an ongoing basis, the rehabilitation liability will be remeasured at each reporting period in line with the changes in the time value of money (recognised as an accretion expense in the statement of financial performance and an increase in the provision), and

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additional disturbances/change in rehabilitation cost will be recognised as additions/changes to corresponding asset and rehabilitation liability. The rehabilitation asset will be amortised to the statement of financial performance on the same basis as the development asset. Currently WMC has a rehabilitation liability which progressively increases (with the corresponding amount booked to the statement of financial performance) over the life of the operation.

### *Impact on WMC:*

- Transition impact - WMC will be required to remeasure the existing environmental rehabilitation provision to the present value of the future expenditure and recognise a related rehabilitation asset. Retained earnings will be impacted to the extent that this net position differs from the existing rehabilitation provision.
- Continuing impact - the statement of financial performance will recognise both an accretion expense and amortisation of the rehabilitation asset.

### **3. Exploration and Evaluation**

The IFRS standard on Exploration for and Evaluation of Mineral Resources will not be issued until the fourth quarter of 2004

### *Impact on WMC:*

The impacts of changes from WMC's existing accounting policy (which is in accordance with AAS 1022 Accounting for the extractive industries ) are not yet determinable

**Table of Contents****15. International Financial Reporting Standards (IFRS) (continued)****4. Derivatives**

All financial assets and liabilities, including derivatives, will be recorded on the face of the statement of financial position at fair value, except for non-derivative financial liabilities which are recognised at amortised cost. Assuming certain conditions are met, hedges are classified as either cash flow hedges, fair value hedges or hedges of investment in foreign operations. Changes in the fair value of cash flow hedges, together with the change in the fair value of the underlying item, can be deferred in an equity account in the statement of financial position, provided the hedges are effective. Changes in the market value of fair value hedges and hedges of investments in foreign operations, together with their underlying positions are booked to the income statement. WMC currently values hedges at spot prices and defer gains and losses on effective hedges as assets and liabilities on the statement of financial position until the underlying hedged transaction occurs.

*Impact on WMC:*

|                   |   |
|-------------------|---|
| Transition impact | WMC is yet to determine the date of transition, however it is likely the existing derivative based balances will be revalued to market rates and any deferred gains or losses are transferred to equity. There is not expected to be a significant impact on the recorded amount of non-derivative financial liabilities on transition. |
| Continuing impact | As WMC closed out its 2005 to 2008 hedge book in 2003 (and is assumed to continue its policy of not hedging), retaining only the 2004 legacy hedge book, there should not be a significant ongoing impact.  |

**5. Defined Benefit Superannuation Plan**

An asset/liability, being the net of the defined benefit obligation (adjusted for unrecognised actuarial gains/losses and past service costs) and the fair value of the plan assets, will be recognised in the statement of financial position. On an ongoing basis, the movement in this net balance will be recognised in the statement of financial performance. Currently, WMC recognises the cash contributions to the defined benefit super fund as an expense in the statement of financial performance.

*Impact on WMC:*

|                     |   |
|---------------------|---|
| Transition impact - | WMC will recognise a defined benefit liability in the statement of financial position with the corresponding impact to retained earnings.               |
| Continuing impact   | Movements in the net position of the defined benefit fund at subsequent reporting periods will be recognised in the statement of financial performance. |

**6. Income Tax**

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Income tax will be calculated based on the balance sheet approach, replacing the current income statement method. This may result in the recognition of additional deferred tax assets and liabilities. In addition, tax losses will be recognised as an asset to the extent that future taxable profits are probable. This may result in greater deferred tax assets when compared to the existing parameters of recognising future income tax benefits when tax losses are virtually certain of being realised and timing differences where realisation is assured beyond reasonable doubt.

### *Impact on WMC:*

- |                     |  |
|---------------------|--|
| Transition impact - | The change to the balance sheet approach may result in the recognition of additional deferred tax assets and liabilities with a corresponding impact to retained earnings. |
| Continuing impact - | Movements in deferred assets and liabilities will be recognised in the statement of financial performance.   |



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**Directors Declaration**

The directors declare that the financial statements and notes set out on pages 7 to 23:

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the consolidated entity's financial position as at 30 June 2004, and of its performance, as represented by the results of its operations and its cash flows for the half-year ended on that date.

In the directors' opinion:

- a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- b) there are reasonable grounds to believe that WMC Resources Ltd will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Directors.

Andrew G Michelmore  
Chief Executive Officer

11 August 2004

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### **Independent review report to the members of WMC Resources Ltd**

#### **Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of WMC Resources Ltd:

does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the WMC Resources Group (defined below) at 30 June 2004 and of its performance for the half-year ended on that date, and

is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

#### **Scope**

##### **The financial report and directors responsibility**

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors declaration for the WMC Resources Group (the consolidated entity), for the half-year ended 30 June 2004. The consolidated entity comprises both WMC Resources Ltd (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### **Review approach**

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

inquiries of company personnel, and

analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

### **Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

Paul Bendall  
Partner

Melbourne  
11 August 2004