



GOLDEN VALLEY
MINES LIMITED

ABN 98 008 905 388

ANNUAL REPORT 2004



CORPORATE DIRECTORY

Directors

Richard Linnell – Chairman
Simon Farrell – Managing Director
Peter Cordin – Non-Executive Director
Blair Sergeant – Non-Executive Director

Company Secretary

Blair E Sergeant

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Auditors

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Bankers

National Australia Bank
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West Perth Western Australia 6005

Solicitors

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West Perth Western Australia 6005

Stock Exchange

Australian Stock Exchange Limited
Exchange Plaza
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Trading Code: GVM

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Dear Shareholder,

The 2004 financial result was disappointing as the strength of the Rand and the reduction in operating margins resulted in the consolidated entity reporting a loss.

The NiMag Group had a small loss in the first six months of GVM's ownership. However, during the last quarter, NiMag was able to improve its margins considerably and combined with a more conservative policy on hedging and currency management, restored profitability. The results for the September 2004 quarter reported operating cash surplus of R4.0 million and unaudited earnings before tax of R2.6 million. The Directors are optimistic that these levels can be maintained in the absence of any major external changes to the business.

NiMag continues to dominate its market in nickel magnesium alloys and is a significant and growing producer of ferro silicon magnesium. The metal fibres business continues to develop. NiMag has exciting growth opportunities particularly in the areas of metal trading and new foundry based products.

During the twelve months, Samroc (GVM 30.19%) was unable to export competitively against Chinese material. In addition price increases in the domestic market were limited by the threat of Chinese imports. Samroc's domestic market is dependant on two major customers and when one suffered an extended and unexpected shutdown, Samroc found itself in a position where it could not service its debt commitments to the Industrial Development Corporation (IDC). To protect your company's investment, GVM agreed to acquire the debt (R8.5 million) for R2.4 million which prevented Samroc from being placed into liquidation. Severe cost cutting and board restructuring have resulted in the Samroc now generating free cash before debt service of approximately R1 million per annum and your directors feel that with careful management the company will be a steady cash generator. Samroc has substantial tax losses which may through acquisition, generate good returns.

GVM's investment in GMA Resources plc has been pleasing. During the year, the sale of GMA shares generated gross proceeds in excess of \$900,000 and profits on disposal in excess of \$500,000. A feasibility study to increase the production capacity, from 30,000 ounces a year to 150,000 ounces per year is well advanced and your directors are optimistic about GMA's prospects.

The potential of a further investment in the ferro alloy industry is being pursued. If negotiations are successful, GVM will be well on its way towards achieving the earnings base of R100 million set two years ago.

It has been a tough year. Closure on the acquisition of NiMag took much longer than anticipated and the strong Rand demanded significant management attention on margins and limiting risk. With these tasks successfully concluded, we can anticipate a much more satisfying year going forward.

Yours Sincerely,

R.J. Linnell

Chairman

The Directors submit their report together with the financial report of Golden Valley Mines Limited (*the "Company"*) and the consolidated accounts of the Company and its controlled entities (*the "Consolidated Entity"*) for the year ended 30 June 2004 and the Auditors' Report thereon.

Directors

The names of Directors in office at the date of this report are:

Richard Linnell

Non-Executive Chairman

Mr Linnell was appointed a director on 1 August 2001. Mr Linnell is an experienced geologist, who has worked with various companies which now form part of the BHP Billiton group, culminating in running the Samancor Manganese operations and Billiton's exploration and development activities in Africa. Mr Linnell has been instrumental acting on behalf of Billiton in the establishment of the Bakubung Initiative, which is a multi-stakeholder project designed to rejuvenate the South African mining industry.

Simon Farrell

Managing Director

Mr Farrell was appointed as a Director on 21 December 2000. Mr Farrell has a Bachelor of Commerce from the University of Western Australia and an MBA from the Wharton School of the University of Pennsylvania. He has held a number of senior management and Board positions, principally in the resources sector, over the last twenty years. He is currently a Director of Kenmare Resources plc.

Peter Cordin

Non-Executive Director

Mr Cordin has been a Director since December 1997. Mr Cordin has a Bachelor of Engineering from the University of Western Australia and is well experienced in the evaluation, development and operation of resource projects within Australia and overseas. He is the Managing Director of Moneo Metals Limited.

Blair Sergeant

Non-Executive Director & Company Secretary

Mr Sergeant has been a Director since 30 June 2004. Mr Sergeant graduated with a Bachelor of Business and a Post Graduate Diploma in Corporate Administration, both from Curtin University, WA. He is a member of the Chartered Institute of Company Secretaries and an Associate of the Australian Society of Certified Practising Accountants. Mr Sergeant is currently Director or Company Secretary to a number of ASX listed and non-listed companies, and a Partner with boutique accounting firm, Anthony Ho & Associates.

Morrice Cordiner

Former Non-Executive Director – Appointed 12 October 1999, resigned 14 January 2004

Tom Sanders

Technical Director – appointed 15 February 2002, resigned 22 September 2003

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2004 and the number of meetings attended by each Director:-

Director	Board Meetings	
	Held	Attended
Mr S Farrell	4	3
Mr R Linnell	4	4
Mr P Cordin	4	4
Mr M Cordiner	2	1
Mr T Sanders	-	-
Mr B Sergeant	-	-

Principal Activities

The principal activity of the Consolidated Entity is the manufacture and distribution of nickel and magnesium alloys.

The following significant changes in the nature of the Consolidated Entity's principal activities occurred during the financial year:

1. The Company acquired a 74% interest in Nimag (Proprietary) Limited, which is a South African based organisation that specialises in the manufacture and distribution of nickel and magnesium alloys; and
2. The Company disposed of its interest in Navigator Resources Limited by way of an in specie distribution of 14,313,434 shares held in Navigator to shareholders of GVM registered as at 8 May 2003.

Results

The consolidated loss of the Consolidated Entity for the year after income tax was \$577,139 (2003: loss of \$1,736,001).

Dividends Paid or Recommended

No amounts were paid or declared by way of dividend by the Company. The Directors do not recommend payment of a dividend in respect of the financial year ended 30 June 2004.

Review of Operations

During the year the operations of the Consolidated Entity included:

Nimag (Proprietary) Limited - manufacturing and distribution of nickel and magnesium alloys;
SA Mineral Resource Corporation - investment in mineral processing in South Africa;
GMA Resources plc - investment in an operating gold mine in Algeria; and
Navigator Resources Limited - exploration in Australia.

Nimag (Proprietary) Limited ("NiMag")

During the year, the Company received approval from the South African Reserve Bank Exchange Control Department for the proposed acquisition of NiMag (74%), allowing the Company to obtain debt finance and meet all conditions precedent. The acquisition of the 74% interest was completed effective from 1 January 2004.

The remaining minority interest of 26% in Nimag is the subject of an option agreement whereby GVM has a call option granting GVM the right to acquire the remaining 26% of Nimag, for the total consideration of 65 million

shares in GVM at 4 cents per share. Similarly, the shareholders of the remaining 26% of NiMag have a put option granting them the right to dispose of their holding in NiMag to GVM, for the consideration of 65 million shares in GVM at 4 cents per share. The Option Agreement is subject to certain terms and conditions, one of which is that either party can not exercise their option within 12 months of the date the agreement was entered into. The issuing of the GVM shares is also subject to shareholder approval.

Total consideration payable for the acquisition of NiMag is ZAR50,000,000 comprising:

	Rand	AUD\$
Cash	7,500,000	1,496,550
65 million shares in GVM at A\$0.04, subject of put/call option	13,000,000	2,594,020
Debt finance	20,000,000	3,990,800
Vendor finance over 3 years	9,500,000	1,895,630
	Total 50,000,000	9,977,000*

**translated at the rate of exchange on the day of the acquisition, being 1 January 2004.*

NiMag recorded a Net Profit Before Tax of R314,816 (A\$67,253) on Revenue of R70,787,277 (A\$15,066,252) for the 6 month period ending 30 June 2004.

Overview

The NiMag Group is a diversified collection of five companies formed in 1995. NiMag originated from a divested asset of Impala Platinum Holdings Limited. Its business is the manufacture of nickel magnesium alloys, ferro nickel magnesium alloys, master alloys, ferro-silicon magnesium alloys and metal fibres.

The business was restructured soon after splitting off from Impala and in subsequent years has expanded and diversified into the manufacture of related alternative products.

Products

NiMag is a globally significant producer of specialised nickel magnesium alloys (NiMag), ferro-nickel magnesium alloys (FeNiMag), ferro-silicon magnesium alloys (FeSiMag) and other Master alloys. The products are used in a wide variety of applications primarily in the aeronautical, aerospace and motor industries. Other applications for the alloy products include specialist stainless steel, and golf club manufacturing.

Ferro-silicon magnesium alloys (FeSiMag) have many applications, the motor industry being the largest consumer. NiMag supplies 90% of South African requirements with the balance exported. NiMag supplies approximately 4% of global requirements. Demand is growing and NiMag believes it can increase its market share.

NiMag supplies approximately 40% of world demand for NiMag and FeNiMag products. Other major international suppliers being by Inco (35%) and KBM Affilipes (18%). The current world market demand ranges around 5,000 to 5,500 tonnes per annum and is considered as mature, with no major changes anticipated in the immediate future.

The alloys are batch produced at the company's Magaliesberg Foundry using induction furnaces in a hot melt process. Current capacity of the plant is approximately 1800 tonnes per annum of alloy.

Metal alloy fibres are utilised in many applications in the mining, civil engineering and refractory industries. The company produces two basic products, cast fibres and slit sheet fibres. The global market is estimated to be in the region of 100,000 tonnes per annum with 73.5% consumed in civil engineering, 25% in mining and tunnelling and the balance in the refractory industry. Currently the United Kingdom and China produce the majority of supply. GVM is of the opinion that this will continue but NiMag production is budgeted to increase 3 fold for slit sheet fibres and more than six fold for cast fibres. This growth will come principally from the domestic market where NiMag enjoys a competitive cost advantage in terms of transport costs, import duties and managing exchange rate fluctuations.

Marketing

The marketing department has an extensive network of distributors both domestically and internationally. The domestic distributors generally have an exclusive market supply in their regions and have a close relationship with the foundries, often supplying supporting metallurgical expertise to the operations. The distributors buy directly from NiMag and then sell the products on to their respective clients.

Currently distribution network spans the majority of continents with distributors in Australia, USA, United Kingdom, Germany, Italy, Japan, Spain, Taiwan, Korea, Thailand and Iran.

GMA Resources plc ("GMA")

During the year, GMA commenced a Bankable Feasibility Study ("BFS") for the construction of a new 300,000 tonne per annum gold mine and mineral processing plant at Amesmessa, approximately 60 kilometres south of the existing processing plant at Tirek. The BFS follows the completion of the recent RC drilling programme and a study of development options which concluded that the construction of a new plant at Amesmessa was economically viable. The BFS is due for completion in the coming months.

GMA owns a 52% controlling interest in ENOR Spa, the Algerian company which owns the Tirek/Amesmessa gold project, with the remaining 48% held by major Algerian institutions. The decision on the development and construction of a mine and plant at Amesmessa is subject to the approval of ENOR shareholders.

This is a major step forward in the Company's plans for the development of the Tirek/Amesmessa gold project.

GMA also announced admission to trading on Frankfurt's Deutsche Boerse.

The Company disposed of 1,350,000 GMA shares to repay debt totalling approximately A\$837,000. Further, the Company disposed of a further 200,000 GMA shares during the year, for total gross proceeds of approximately \$90,000, all of which were received post balance date.

The Company's remaining holding in GMA as at the date of this report had a market value of approximately £503,625 (A\$1,272,434).

SA Mineral Resources Corporation Limited ("Samroc")

The continued strength of the South African currency has made it very difficult for Samroc's products to be competitive in its European and other export markets. As a result, sales in Europe in the last three months of the period reported on have been minimal, and for the previous 9 months, unprofitable.

Given this difficult export environment, Samroc embarked on a cost cutting program, substantially reducing its overhead cost base to minimum levels, while continuing with its successful local sales.

Samroc's Greenhills manganese sulphate plant achieved a marginal operating profit for the period, which was reduced to a loss after interest and head office expenses. Now that GVM has completed the NiMag acquisition, GVM together with NiMag management will provide more assistance towards improving the long-term profitability of Samroc.

Navigator Resources Limited ("Navigator")

Navigator was admitted to the Official List of ASX on 17 September 2003 and commenced trading on 19 September 2003 having completed a capital raising of \$3,000,000. As part of the process, the Company completed an in specie distribution of 14,313,434 shares held in Navigator to shareholders of GVM registered on 8 May 2003.

Further, the Company agreed to accept the issue of 3,350,000 shares in Navigator in lieu of debt owing by Navigator, equal to \$670,000. These shares were disposed of at 20 cents per share, raising gross proceeds of \$670,000. The balance of the debt owing by Navigator amounting to approximately \$165,000 was written off.

The Company no longer has an interest in Navigator.

Range Resources Limited ("RRS")

During the year, the Company disposed of its shares in RRS for total gross proceeds of \$132,500, realising a gain of approximately \$62,500. Further, the Company disposed of its entire option holding in RRS for total gross proceeds of \$9,191, realising a gain of approximately \$7,866.

Exploration

Minimal exploration activity was carried out by Navigator whilst it remained part of the Consolidated Entity. No other exploration work was carried out by the Consolidated Entity during the year.

Likely Developments

The Consolidated Entity will continue to pursue investment opportunities both within and outside the mining and exploration industry in the forthcoming year.

In the opinion of the Directors, disclosure of further information on likely developments in operations and expected results would be prejudicial to the interests of the Consolidated Entity.

Changes in State of Affairs

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

- On 7 January 2004, the Company issued a total of 15,000,000 shares at an issue price of 3 cents per share, together with 15,000,000 free attaching options, to raise total gross proceeds of \$450,000. The placement was facilitated by Montagu Stockbrokers and used to settle the NiMag acquisition;
- On 12 January 2004, the Company issued a total of 5,803,679 shares at an issue price of 2.9 cents per share to raise total gross proceeds of \$168,308. The shares were issued pursuant to a Share Purchase Plan and the funds applied towards settlement of the NiMag acquisition;
- The Company settled the acquisition of NiMag effective from 1 January 2004.
- The Company disposed of its interest in Navigator Resources Limited, through an in specie distribution of 14,313,434 shares held in Navigator to shareholders of the Company registered on 8 May 2003.

In the opinion of the Directors, other than that stated above, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Environmental Regulation

The Consolidated Entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation but is subject to numerous environmental regulations in South Africa, including the Atmospheric Pollution Prevention Act (No. 45 of 1965), Environment Conservation Act (No. 73 of 1989), National Water Act (No. 45 of 1965) and National Environmental Management Act (No. 107 of 1998). However, the Board believes that the Consolidated Entity has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the Consolidated Entity.

Directors' And Senior Executives' Remuneration

The Board is responsible for establishing remuneration packages applicable to the Board members of the Company. The policy adopted by the board is to ensure that remuneration properly reflects an individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Directors' remuneration packages are also assessed in the light of the condition of markets within which the Company operates, the Company's financial condition and the individual's contribution to the achievement of corporate objectives.

The remuneration packages applicable to the Board and executive officers of Nimag are reviewed annually by the Board of Nimag with terms and conditions documented in formal employment contracts. As part of the acquisition by GVM of the Nimag group, each of TG Sinclair, PJ Dillon and BB Sinclair entered into employment agreements. The salary packages agreed in those employment agreements are reflected in the table below.

Details of the nature and amount of each major element of the remuneration of each Director of the Company and the Consolidated Entity for the year are:

	Base remuneration (salary & fees) \$	Non-cash benefits \$	Super contributions \$	Total ⁽¹⁾ \$
Directors				
<i>Non-executive</i>				
Mr P Cordin	18,000	-	1,620	19,620
Mr M Cordiner ⁽²⁾	21,500	-	810	22,310
Mr R Linnell	50,000	-	-	50,000
Mr T Sanders ⁽³⁾	19,500	-	405	19,905
Mr B Sergeant ⁽⁴⁾	-	-	-	-
<i>Executive</i>				
Mr S Farrell	123,717	-	8,910	132,627
Executive Officers – Consolidated				
Mr TG Sinclair	64,916	-	-	64,916
Mr PJ Dillon	53,210	-	-	53,210
Mr BB Sinclair	33,202	-	-	33,202

1. The remuneration amounts disclosed in note 24 differ from those in this table due to differences in definitions of remuneration between the Corporations Act 2001, and AASB 1046 Director and Executive Disclosures by Disclosing Entities.
2. Mr Cordiner resigned on 14 January 2004.
3. Mr Sanders resigned on 22 September 2003.
4. Mr B Sergeant was appointed on 30 June 2004. No fees were paid to Mr Sergeant in his capacity as Non-Executive Director. Mr Sergeant is a Partner in accounting firm Anthony Ho & Associates, who provide company secretarial, accounting and administrative services to the Consolidated Entity. See note 24.

No options were issued to directors or executives of the Company and Consolidated Entity during the year.

Share Options

No options were issued pursuant to the Golden Valley Mines Employee Option Plan during the year.

The names of all persons who currently hold options granted under the Employee Option Plan are entered into a register kept by the Company pursuant to Section 216C of the Corporations Act 2001 and the register may be inspected free of charge.

Grants of options

During or since the end of the financial year, the Company granted the following options over unissued ordinary shares:

	Number	Exercise Price	Expiry Date
Listed Options	15,000,000	9.23 cents	30 September 2005

Unissued shares under option

The following options remain outstanding at the date of this report:

	Number	Exercise Price*	Expiry Date
Listed Options	56,460,000	9.23 cents	30 September 2005
Unlisted Options	750,000	19.23 cents	30 September 2006

* As a result of the capital reduction by way of in specie distribution of Navigator Resources Limited, the exercise price of all options on issue were reduced by 0.77 cents per option, in accordance with ASX Listing Rules.

These options do not entitle the holder to participate in any share issue of any other body corporate. No shares have been issued by virtue of the exercise of an option during the year or to the date of this report.

Lapse of options

During or since the end of the financial year, the following options lapsed:

	Expiry Date	Exercise Price	Number of Options
	24 December 2003	19.23 cents	615,000

Directors' Interests

The relevant interest of each Director of the Company in shares and options of the Company at the date of this report is:-

Director	Golden Valley Mines Limited		
	Ordinary shares	Listed Options	Unlisted Options
Mr S Farrell(1)	14,063,778	3,000,000	-
Mr R Linnell	-	7,000,000	-
Mr P Cordin(2)	4,127,593	1,000,000	-
Mr B Sergeant	-	250,000	-

1. 14,063,778 shares held by Cherek Pty Ltd, of which Mr Farrell is a director.
2. 4,127,593 shares are held by Cordin Pty Ltd, of which Mr Cordin is a director.

Directors' Insurances

During the financial year the Company did not pay any insurance premiums in respect of directors' and officers' liability and legal expense insurance contracts, for current directors and secretaries of the Company and its controlled entities.

Signed on this 4th day of October 2004 in accordance with a resolution of the Directors.



Blair Sergeant
Director

Golden Valley Mines Limited has adopted systems of control and accountability as the basis for the administration of corporate governance. This statement summarises some of these policies and procedures.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.gvm.com.au:

- Corporate governance disclosures and explanations;
- Statement of Board and Management Functions;
- Nomination Committee Charter;
- Policy and procedure for selection and appointment of new directors;
- Summary of code of conduct for directors and key executives;
- Summary of policy on securities trading;
- Audit Committee Charter;
- Policy and procedure for selection of external auditor and rotation of audit engagement partners;
- Summary of policy and procedure for compliance with continuous disclosure requirements;
- Summary of arrangements regarding communication with and participation of shareholders;
- Summary of Company's risk management policy and internal compliance and control system;
- Process for performance evaluation of the Board, Board committees, individual directors and key executives;
- Remuneration Committee Charter; and
- Corporate Code of Conduct.

ASX Best Practice Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where the Company considered it was not appropriate to presently comply with a particular recommendation the reasons are set out in the latter part of this statement.

Board of Directors

The Board comprises four Directors including one executive Director. The names of each of the Directors in office at the date of this Report, the year they were first appointed, and their status as non-executive, executive or independent directors are set out in the Directors' Report.

Independence of non-executive directors

The Board considers an independent director to be a non-executive director who satisfies the test for independence as set out in box 2.1 of the ASX Best Practice Recommendations ("Independence Test"). The Board considers that Messrs Richard Linnell, Peter Cordin and Blair Sergeant meet these criteria. Messrs Linnell and Cordin have no material business or contractual relationship with the Company, other than in their capacity as a director of the company, and no conflicts of interest which could interfere with the exercise of independent judgment. Accordingly, they are considered to be independent.

Mr Sergeant is a principal of the firm Anthony Ho & Associates. Anthony Ho & Associates provides company secretarial services to the Company. Despite being a principal of Anthony Ho & Associates, the Board notes that the fees paid to Anthony Ho & Associates are not high enough to be material to Mr Sergeant's practice or the firm Anthony Ho & Associates and are also not material to the Company. Furthermore, the Board, in the absence of Mr Sergeant, considers he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be in the best interests of the Company and therefore consider him to possess the

characteristics required of a person who would be eligible to take the role of an independent director. Therefore the Board considers Mr Sergeant to be independent.

Independent professional advice

The Board has adopted a formal policy on access to independent professional advice which provides that Directors are entitled to seek independent professional advice for the purposes of the proper performance of their duties. The Company will pay the reasonable expenses associated with obtaining such advice, subject to the prior approval of the Chairman.

Evaluation of Board performance

During the reporting period an evaluation of the Board and its members was carried out on an informal basis, pursuant to best practice recommendation 8.1. The evaluation process comprised of an ongoing assessment of each member of the Board and the Board as a whole at each meeting by the Chairman.

The Company is currently reviewing and determining measurable milestones and performance criteria for evaluation of Board performance. This includes the intention to establish more formal evaluation procedures, including quantitative measures of performance.

Remuneration policies

The full Board carries out the functions of a remuneration committee in accordance with the Company's Remuneration Committee Charter required under best practice recommendation 9.2. Executive Directors and key executives are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-executive Directors however receive a fixed monthly fee for their services, in accordance with the guidelines summarised by best practice recommendation 9.3. Non-executive Directors' fees are capped at \$100,000 per annum although this is currently being reviewed to reflect the Company's current Board structure, operations in general and requirements placed on all Board members.

Retirement benefits for non-executive directors

The Company does not have any scheme relating to retirement benefits for non-executive Directors.

Board committees

The Company does not presently have a separate audit, nomination or remuneration committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing separate committees. The duties of such committees have been considered and formal charters outlining the role, rights, responsibilities and requirements have been adopted by the Board.

ASX Guidelines on Corporate Governance

Pursuant to ASX Listing Rules the Company must provide a statement disclosing the extent to which the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations") have or have not been followed in the reporting period. During the reporting period the Company has complied with each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
1	1.1	The functions of management were not formally disclosed prior to the Board providing its Statement of Board and Management Functions on 30 June 2004.	Prior to 30 June 2004 separate functions of the Board and management existed and were practised prior to the formal adoption of the Statement of Board and Management Functions.
2	2.4	A separate Nomination Committee has not been formed. However the Company adopted the Nomination Committee Charter on 30 June 2004.	The role of the Nomination Committee is carried out by the full Board in accordance with the Nomination Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. Prior to 30 June 2004, the full Board reviewed and considered the selection and appointment of directors on an as required basis.
3	3.1	A Code of Conduct was formalised and adopted by the Company on 30 June 2004.	Prior to 30 June 2004 the Board considers that its business practices, as led by the example of Board and key executives, were the equivalent of a code of conduct. These practices are now reflected in the Code of Conduct adopted by the Company on 30 June 2004.
3	3.2	The Company adopted a written securities trading policy on 30 June 2004.	Although prior to 30 June 2004 there was no written policy, there was an understanding as to when it was appropriate for trading in securities to occur. This understanding has been formulated into the Company's written securities trading policy.
4	4.1	Only the managing director has provided a statement to the Board with respect to the Company's financial reports which is not in compliance with best practice recommendation 4.1. The equivalent of the chief financial officer was not prepared to provide a written statement to the Board.	The Company does not have a chief financial officer. Furthermore, the entire Board accepts the responsibility of ensuring the accuracy of its financial reports.
4	4.2; 4.3	A separate Audit Committee has not been formed.	The Board does not consider that the Company will gain any benefit from a separate Audit Committee. The full Board carries out the duties of the Audit Committee. In so acting, the full Board follows the Audit Committee Charter adopted on 30 June 2004 and disclosed on the Company's website.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
1	4	4.4 The Company adopted a formal Audit Committee Charter on 30 June 2004.	Prior to 30 June 2004 all the Board members considered audit issues to ensure compliance with statutory responsibilities relating to accounting policy disclosure.
5	5.1	Until 30 June 2004 there was no written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for the compliance.	Informal procedures were in place prior to 30 June 2004 which has been formulated into the written policies and procedures.
6	6.1	The Company's shareholder communication strategy was designed and disclosed in a formal way on 30 June 2004.	The Company has a positive strategy to communicate with shareholders, identify the expectations of shareholders and actively promote shareholder involvement in the Company. These strategies have now been documented and disclosed on 30 June 2004.
7	7.1	On 30 June 2004 the Company adopted formal policies and procedures to identify financial and operating risks and to effectively manage and communicate to the Board.	Prior to 30 June 2004 the Board had informal policies and procedures in place. The managing director was responsible for monitoring risks and addressed this issue as part of his reporting to the full Board.
8	8.1	The process for evaluation of the Board, individual directors and key executives was not disclosed until the last quarter of the reporting Period.	The Chairman assesses the performance of the Board, individual directors and key executives on an informal basis. As the Company progresses its current businesses and investments, the Board intends to establish appropriate evaluation procedures.
9	9.1	The Company's remuneration policy was not disclosed until 30 June 2004.	Although the policy was not disclosed, it did exist and was applied during the Reporting Period.
9	9.2	The Company adopted the Remuneration Committee Charter on 30 June 2004.	Prior to 30 June 2004 the full Board considered issues of remuneration. The Board also seeks professional advice when required.
10	10.1	A code of conduct was adopted on 30 June 2004.	Although until 30 June 2004 there was no code of conduct documented or disclosed, the Board considered its business practices, as led by the example of the Board and key executives, were the equivalent of a code of conduct. The Company has now documented these practices and principles into a written code of conduct.

	Note	Consolidated Entity		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
REVENUE	2	17,588,545	1,356,781	1,801,228	1,086,935
Changes in inventories of finished goods and work in progress		(1,365,377)	-	-	-
Raw materials and consumables used		(10,914,505)	-	-	-
Consulting expenses		(628,149)	(262,487)	(335,686)	(256,124)
Employee expenses		(1,106,379)	(254,645)	(297,405)	(223,694)
Borrowing costs	3	(541,177)	(21,376)	(3,014)	(21,369)
Depreciation expenses	3	(81,882)	(29,163)	(23,093)	(19,512)
Amortisation of goodwill	13	(193,472)	-	-	-
Exploration expenses		(61,177)	(346,643)	-	-
Office rental, outgoings and parking		(262,734)	(177,981)	(162)	(1,791)
Decrease/(increase) diminution in value of investments		(11,305)	5,230	(209,309)	(1,168,893)
Carrying value of investments disposed of		(467,777)	(186,685)	(455,379)	(92,850)
Carrying value of Navigator Resources Ltd investment disposed of		(670,000)	-	(670,000)	-
Carrying value of property, plant and equipment disposed of		(29,096)	-	(29,096)	-
Bad debt expense		(127,703)	-	-	-
Provision for non-recoverability of loans to controlled entities		-	-	(33,857)	(131,169)
Provision for non-recoverability of loans		(211,145)	(368,860)	(211,145)	(368,860)
Diminution in value of controlled entities		-	-	-	(291,785)
Other expenses from ordinary activities		(981,339)	(281,279)	(203,838)	(246,889)
Share of net losses of associate accounted for using the equity method	8	(231,683)	(1,168,893)	-	-
Profit/(Loss) from ordinary activities before income tax (expense)/benefit	3	(296,355)	(1,736,001)	(670,756)	(1,736,001)
Income tax relating to ordinary activities	4	(364,374)	-	-	-
Profit/(Loss) from ordinary activities after related income tax (expense)/benefit		(660,729)	(1,736,001)	(670,756)	(1,736,001)
Outside equity interest	20	83,590	-	-	-
Net profit attributable to members of the parent entity		(577,139)	(1,736,001)	(670,756)	(1,736,001)
Basic earnings/(loss) per share (in cents)	5	(0.25)	(0.84)		

The accompanying notes form part of these financial statements

	Note	Consolidated Entity		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	26(a)	2,442,924	478,590	119,420	476,630
Receivables	7	3,128,926	609,807	423,803	1,207,633
Inventory	9	3,430,513	-	-	-
TOTAL CURRENT ASSETS		9,002,363	1,088,397	543,223	1,648,263
NON CURRENT ASSETS					
Receivables	7	-	-	4,437,973	4,588,174
Investments accounted for using the equity method	8	525,270	682,407	-	-
Intangibles	13	7,539,527	-	-	-
Other financial assets	10	721,781	1,163,595	2,497,907	3,376,192
Property, plant and equipment	11	2,591,921	126,087	53,458	92,046
Exploration expenditure	12	-	1,969,134	-	-
TOTAL NON CURRENT ASSETS		11,378,499	3,941,223	6,989,338	8,056,412
TOTAL ASSETS		20,380,862	5,029,620	7,532,561	9,740,675
CURRENT LIABILITIES					
Payables	14	3,226,628	629,680	85,275	535,100
Interest bearing liabilities	15	3,070,884	-	-	-
Provisions	16	284,946	1,592	962	-
Current tax liability		347,804	-	-	-
TOTAL CURRENT LIABILITIES		6,930,262	631,272	86,237	535,100
NON CURRENT LIABILITIES					
Payables	14	-	-	4,807,230	4,807,227
Interest bearing liabilities	15	7,377,097	-	-	-
Deferred tax liability		50,093	-	-	-
TOTAL NON CURRENT LIABILITIES		7,427,190	-	4,807,230	4,807,227
TOTAL LIABILITIES		14,357,452	631,272	4,893,467	5,342,327
NET ASSETS		6,023,410	4,398,348	2,639,094	4,398,348
EQUITY					
Contributed equity	17	33,469,250	34,557,748	33,469,250	34,557,748
Reserves	18	736,317	136,445	136,445	136,445
Accumulated losses	19	(30,872,984)	(30,295,845)	(30,966,601)	(30,295,845)
TOTAL PARENT EQUITY INTEREST		3,332,583	4,398,348	2,639,094	4,398,348
OUTSIDE EQUITY INTEREST	20	2,690,827	-	-	-
TOTAL EQUITY		6,023,410	4,398,348	2,639,094	4,398,348

The accompanying notes form part of these financial statements

16 STATEMENTS OF CASH FLOWS

	Note	Consolidated Entity		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
Cash flows from operating activities					
Interest received		34,599	71,673	31,932	70,916
Cash receipts in the course of operations		14,765,282	111,945	123	-
Interest paid		(541,177)	(6)	(3,014)	-
Payments to suppliers and employees		(14,733,670)	(942,694)	(850,458)	(716,138)
Payments for exploration and development		-	(363,005)	-	-
Net cash used in operating activities	26(b)	<u>(474,966)</u>	<u>(1,122,087)</u>	<u>(821,417)</u>	<u>(645,222)</u>
Cash flows from investing activities					
Payments for property, plant and equipment		(341,836)	(9,279)	(13,601)	(320)
Proceeds from the sale of property, plant and equipment		36,400	2,000	36,364	-
Proceeds from sale of equity investments		1,649,162	105,169	1,649,162	-
Payments for equity investments		(483,369)	(1,031,035)	(1,949,771)	(1,031,035)
Loans made to other entities		-	(859,045)	-	(858,906)
Net cash paid on acquisition of subsidiary	25(b)	(4,829,608)	-	-	-
Net cash provided by investing Activities		<u>(3,969,251)</u>	<u>(1,792,190)</u>	<u>(277,846)</u>	<u>(1,890,261)</u>
Cash flows from financing activities					
Loans from controlled entities		-	-	-	105,169
Loans to controlled entities		-	-	-	(438,230)
Loans repaid by controlled entities		-	-	150,553	114,349
Proceeds from issue of shares and options		618,308	144,600	618,308	144,600
Transaction costs from issue of shares		(26,807)	-	(26,807)	-
Loans from other entities		4,141,196	-	-	-
Loans repaid to other entities		-	-	-	-
Net cash provided by financing Activities		<u>4,732,697</u>	<u>144,600</u>	<u>742,054</u>	<u>(74,112)</u>
Net increase/(decrease) in cash held		<u>288,480</u>	<u>(2,769,677)</u>	<u>(357,209)</u>	<u>(2,609,595)</u>
Cash at beginning of financial year		<u>478,590</u>	<u>3,248,267</u>	<u>476,629</u>	<u>3,086,225</u>
Cash at end of financial year	26(a)	<u>767,070</u>	<u>478,590</u>	<u>119,420</u>	<u>476,630</u>

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the Consolidated Entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Principles of consolidation

Controlled entities

The financial statements of controlled entities results are included from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Associates

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date the significant influence commences until the date the significant influence ceases. Other movements in reserves are recognised directly in the consolidated reserves.

Transactions eliminated on consolidation

The balances and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

(c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax ("GST"). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of goods

Revenue from the sale of nickel magnesium alloys (NiMag), ferro-nickel magnesium alloys (FeNiMag), ferro-silicon magnesium alloys (FeSiMag) and other master alloys are recognised when control of the goods passes to the customer. For local sales this is usually when the customer receives the goods. For export

sales it is determined based on individual sales agreements however control usually passes when the goods are received by the shipping agent and the bill of lading is sighted by the customer.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield of the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cashflows are included in the statement of cash flows on a gross basis. The GST components of cashflows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

(e) Cash assets

For the purposes of the Statement of Cashflows, cash includes deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(f) Acquisition of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of the acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of the acquisition is used as fair value except where the notional price at which they could be placed in the market is a better indication of fair value.

(g) Depreciation and amortisation

Items of plant and equipment are depreciated/amortised using the reducing balance method over their estimated useful lives. The depreciation and amortisation rates used for each class of assets are as follows:

	Range – 2004	Range – 2003
• Furniture, fittings and office equipment	13% - 33%	13% - 27%
• Motor vehicles	20% - 33%	-
• Plant & equipment	20%	-
• Leasehold improvements	20%	20%
• Buildings	20%	-
• Exploration equipment	-	13-27%

(h) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of recoverable amount at balance date, except capitalised exploration expenditure. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(i) Income tax

The Consolidated Entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial positions as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by legislation.

During the 2002/03 financial year, legislation was enacted to allow groups, comprising of a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes. The legislation, which includes both elective and mandatory elements, is applicable to the Consolidated Entity. As at 30 June 2004, the directors of the Company have not made a decision to elect to be taxed as a single entity. In accordance with UIG 39 "Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances", the financial effect of the legislation has not been brought to account in the financial statements for the financial year ended 30 June 2004.

(j) Leases

Operating leases

Lease payment for the operating leases, where substantially all the risks and benefits remain with the lessor are charged as expenses in the period in which they are incurred.

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure represents acquisition costs and direct net exploration costs incurred together with an appropriate portion of related overhead expenditure. This expenditure is carried forward in respect of each separate area of interest for which rights of tenure are current only where such costs are expected to be recouped through successful development and economic exploitation of the area of interest.

All expenditure relating to activities in areas which have not yet reached a level which permits an assessment of the existence or otherwise of economically recoverable reserves is expensed as incurred except that in the case of the acquisition of exploration tenements, these assets are brought to account in the statement of financial position in accordance with Urgent Issues Group Abstract 10.

(l) Investments

Investments are brought to account at the lower of cost and recoverable amount. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount at balance date. The recoverable amount is assessed on the basis of current market value, underlying net assets in the particular entities or the expected net cashflows from the investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts, except where stated. Dividends are brought to account in the statement of financial performance when received except for dividends from controlled entities which are brought to account when they are proposed by the controlled entity.

(m) Employee entitlements

Wages, salaries, annual leave and sick leave

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year are measured at the present value of the estimated future cash outflows to be made for those entitlements.

Superannuation commitments

The Company makes contributions to employee superannuation plans based on various percentages of employees' gross income. The Company contributions are legally enforceable to the extent of the superannuation guarantee legislation and the specific terms of individual employee contracts.

(n) Receivables

Amounts receivable from third parties are carried at amounts due. The recoverability of the debts is assessed at balance date and specific provision is made for any doubtful accounts.

(o) Foreign Currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions or at the hedged forward rates. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange rate gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign entities

The assets and liabilities of foreign operations, including associates and joint venturers, that are self-sustaining are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the

year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The assets and liabilities for foreign operations, including associates and joint venturers, that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while non-monetary items are translated at exchange rates current when the transaction occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of is transferred to retained earnings in the year of disposal.

Hedging Policies

There are no formal foreign exchange hedging policies, however the Consolidated Entity hedges certain foreign currency positions from time to time as deemed necessary.

Anticipated Transactions

Transactions are designated as a hedge of the anticipated specific purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, only when they are expected to reduce exposure to the risks being hedged, are designated prospectively so that it is clear when an anticipated transaction has or has not occurred and it is probable the anticipated transaction will occur as designated. Gains or losses on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

The net amounts receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the hedge transaction. When recognised, the net receivables or payables are revalued using the foreign currency current at reporting date. Refer to Note 21.

The net amounts receivable or payable under currency, interest rate and commodity swaps, forward rate agreements and futures contracts and the associated deferred gains or losses are not recorded on the statement of financial position until the hedge transaction occurs. When recognised the net receivables or payables are revalued using the interest or commodity rates current at reporting date.

Option premiums are recorded in "other assets" when paid and included in the measurement of the transaction when it occurs.

When the anticipated transaction is no longer expected to occur as designated, the deferred gains or losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains or losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains or losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Where a hedge is redesignated as a hedge of another transaction, gains or losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is no longer expected to occur as designated. Any gains or losses relating to the hedge instrument are included in the statement of financial performance for the period.

Gains or losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains or losses are recognised immediately in the statement of financial performance.

(p) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to present location and condition, based on normal operating capacity of the production facilities.

(q) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase consideration plus incidental costs exceed the fair value of the identifiable net assets acquired. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over a period of 20 years. The balances are reviewed annually to determine the appropriateness of the carrying values.

(r) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated equity. Trade accounts payable are normally settled within 45 days.

(s) Interest Bearing Liabilities

Bank loans are recognised at their principle amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in Note 14, "Sundry creditors and accruals".

Debentures, bills of exchange and notes payable are recognized when issued at the net proceeds received, with the premium or discount on issue amortised over the period to maturity. Interest expense is recognized on an effective yield basis.

(t) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, finance charges in respect of finance leases and foreign exchange differences net of the effect of hedges of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs. Where interest rates are hedged or swapped, the borrowing costs are recognised net of any effect of the hedge or the swap. Ancillary costs incurred in connection with the arrangement of borrowings are netted against the relevant borrowings and amortised over their life.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Exploration and evaluation expenditure carried forward relating to areas of interest which have not reached a stage permitting reliable assessment of economic benefits are not qualifying assets.

(u) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
2. REVENUE				
Revenue from operating activities				
Sale of goods	15,066,252	-	-	-
Interest income	34,599	71,673	31,932	70,916
Other revenue	231,134	186,734	123	24,814
Revenue from outside operating activities				
Gross proceeds from sale of equity investments	2,220,160	1,096,374	1,732,809	991,205
Gross proceeds from sale of property, plant and equipment	36,400	2,000	36,364	-
Total revenue from ordinary activities	17,588,545	1,356,781	1,801,228	1,086,935
3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX BENEFIT				
(a) Profit/(Loss) from ordinary activities before income tax benefit has been arrived at after charging/(crediting) the following items:				
Depreciation of:				
- exploration equipment	-	2,844	-	-
- office furniture, fittings & equipment	17,043	5,638	8,311	-
- leasehold improvements	15,138	20,576	14,782	19,407
- buildings	2,266	-	-	-
- motor vehicle	6,952	-	-	-
- plant & equipment	40,483	105	-	105
	81,882	29,163	23,093	19,512
Amortisation of:				
- goodwill	193,472	-	-	-
	275,354	29,163	23,093	19,512
Profit/(loss) on sale of property plant and equipment	7,304	2,000	7,268	-
Net foreign exchange gain/(loss)	335,366	(243)	-	(243)
Amount set aside to/(reversed from) provisions for:				
- employee entitlements	283,354	962	962	(130)
Exploration expenditure expensed	61,177	346,643	-	-
Borrowing costs				
- other	443,531	21,376	3,014	21,369
- related parties	97,646	-	-	-
Operating lease expenses	262,734	156,734	-	-

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
(b) Individually significant items included in profit/(loss) from ordinary activities before income tax				
Profit/(loss) on disposal of equity investments	1,082,838	909,689	614,130	898,355
Provision for diminution in value of investments	(11,203)	5,230	(209,309)	(1,168,893)
Provision for diminution in value of investments – controlled entities	-	-	-	(291,785)
Bad debt expense	(127,704)	-	-	-
Provision for non-recoverability of loans	(211,145)	(368,860)	(211,145)	(368,860)
Provision for non-recoverability of loans to controlled entities	-	-	(33,857)	(131,169)
Share of net losses of associate	(231,683)	(1,168,893)	-	-
4. TAXATION				
(a) The prima facie tax on profit/(loss) from ordinary activities is reconciled to the income tax provided for in the accounts as follows:				
Prima facie tax expense/(benefit) on profit/loss from ordinary activities before income tax at 30% (2003: 30%)	(88,907)	(520,800)	(201,226)	(520,800)
Add/(less) tax effect of:				
Non deductible items	38,291	30,000	41,489	30,000
Non-deductible amortisation	58,042	-	-	-
Net gain on sale of shares	(143,940)	-	(3,328)	-
Provision for diminution in value	69,505	-	62,793	350,668
Provision for non-recovery of loans	65,826	-	63,343	-
Provision for non-recovery of loans to controlled entities	-	-	-	39,351
Provision for diminution in value of investments - controlled entities	-	-	-	87,536
	(1,183)	(490,800)	(36,929)	(13,245)
Future income tax benefit not brought to account	365,557	490,800	36,929	13,245
Income tax expense attributable to loss from ordinary activities	364,374	-	-	-
(b) Future income tax benefits at 30% not brought to account, the benefit of which will be realised only if the conditions for deductibility set out in Note 1(i) occur.				
Revenue and Capital losses	4,126,600	3,009,564	1,895,900	1,858,979

The potential future income tax benefit will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefits.

During the financial year, legislation was enacted to allow groups, comprising of a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes. The legislation, which includes both elective and mandatory elements, is applicable to the Company. As at 30 June 2004, the directors of the Company (and the subsidiaries) have not made a decision to elect to be taxed as a single entity. In accordance with UIG 39 "Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances", the financial effect of the legislation has not been brought to account in the financial statements for the financial year ended 30 June 2004.

	Consolidated Entity	
	2004	2003
	\$	\$
5. EARNINGS /(LOSS) PER SHARE		
Basic profit/(loss) per share		
(cents per share)	(0.25)	(0.84)
Weighted average number of ordinary shares used as the denominator	<u>228,809,501</u>	<u>207,849,707</u>

As at 30 June 2004, there were 57,210,000 (2003: 42,825,000) options outstanding over unissued capital exercisable at amounts ranging between \$0.0923 and \$0.1923 each substantially above market price.

There are no dilutive potential ordinary shares therefore diluted EPS has not been calculated or disclosed.

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
6. AUDITORS' REMUNERATION				
Amounts received or due and receivable by the auditors of the Company for:				
- audit and review of financial reports	25,906	21,305	25,906	21,305
- other services	10,120	31,735	5,605	25,080
	<u>36,026</u>	<u>53,040</u>	<u>31,511</u>	<u>46,385</u>
OTHER AUDITORS				
Amounts received or due and receivable by the auditors of the subsidiaries:				
- audit and review of financial reports	15,529	-	-	-
- other services	31,057	-	-	-
	<u>46,586</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
7. RECEIVABLES				
CURRENT				
Receivables – controlled entities	-	-	-	801,169
Provision for doubtful receivables – controlled entities	-	-	-	(131,169)
Receivables – associates	51,574	51,574	51,574	51,926
Provision for doubtful receivables – associate	(51,574)	-	(51,574)	-
Trade debtors	2,795,942	62,603	102,227	-
Other debtors	861,415	864,490	850,007	854,567
Provision for doubtful receivables – other	(528,431)	(368,860)	(528,431)	(368,860)
	<u>3,128,926</u>	<u>609,807</u>	<u>423,803</u>	<u>1,207,633</u>
NON CURRENT				
Amounts receivable from controlled entities	-	-	5,036,521	5,186,722
Provision for doubtful receivables	-	-	(598,548)	(598,548)
	<u>-</u>	<u>-</u>	<u>4,437,973</u>	<u>4,588,174</u>

Amounts receivable from controlled entities are interest free, unsecured and with no fixed term for repayment.

8. INVESTMENTS – EQUITY METHOD

Carrying value of investments in associates at beginning of year	682,407	-	-	-
Investments in associates acquired during year	-	1,851,300	-	-
Share of associates net loss (Tax :\$Nil)	(155,506)	(210,752)	-	-
Goodwill written off	(76,177)	(958,141)	-	-
Foreign currency translation adjustment	74,546	-	-	-
Carrying value at end of year	<u>525,270</u>	<u>682,407</u>	<u>-</u>	<u>-</u>

Investments in associates

The Company has a 30.19% interest in SA Mineral Resources Corporation Ltd ("Samroc"), a resource company whose particular focus is the manufacture of manganese chemicals. It owns the rights to a manganese deposit near Graskop, Mpumalanga, South Africa and operates the Greenhills manganese chemical plant, which is located adjacent to the mineral deposit.

Samroc is listed on JSE Securities Exchange South Africa ("JSE"). The closing price of Samroc on JSE as at balance date was Rand 0.02, or \$0.004. The carrying amount of investment in associates at year-end represents the estimated recoverable amount, which is equivalent to the market value of the Company's interest based on Samroc's closing share price.

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
9. INVENTORY				
Raw Materials	861,890	-	-	-
Consumable Stores	34,716	-	-	-
Finished Goods	1,050,708	-	-	-
Residue Stock (Nickel)	1,483,199	-	-	-
	<u>3,430,513</u>	<u>-</u>	<u>-</u>	<u>-</u>
Inventory is stated at the lower of cost and net realisable value. Cost is determined according to the weighted average method. Finished products and work-in-progress include direct manufacturing costs.				
10. OTHER FINANCIAL ASSETS				
NON CURRENT				
Investments:				
Shares in other corporations listed on a stock exchange at cost	688,743	1,204,463	2,540,043	2,995,422
Provision for diminution in value	(52,172)	(40,867)	(1,378,202)	(1,168,893)
	<u>636,571</u>	<u>1,163,596</u>	<u>1,161,841</u>	<u>1,826,529</u>
Shares in controlled entities at cost	-	-	9,628,607	9,842,204
Provision for diminution in value	-	-	(8,292,541)	(8,292,541)
	<u>-</u>	<u>-</u>	<u>1,336,066</u>	<u>1,549,663</u>
Shares in other corporations	85,210	-	-	-
	<u>721,781</u>	<u>1,163,596</u>	<u>2,497,907</u>	<u>3,376,192</u>
Market value of above investments listed on a stock exchange as at 30 June 2004	1,312,704	1,485,240	1,837,974	2,148,175
11. PROPERTY, PLANT & EQUIPMENT				
Furniture, fittings and office equipment at cost	159,209	169,910	81,858	112,024
Less: Accumulated depreciation	(64,055)	(114,977)	(43,040)	(78,199)
	<u>95,154</u>	<u>54,933</u>	<u>38,818</u>	<u>33,825</u>
Motor vehicle at cost	86,114	-	-	-
Less: Accumulated depreciation	(6,952)	-	-	-
	<u>79,162</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plant and equipment at cost	948,788	361,330	360,881	361,330
Less: Accumulated depreciation	(401,364)	(361,330)	(360,881)	(361,330)
	<u>547,424</u>	<u>-</u>	<u>-</u>	<u>-</u>
Leasehold improvements at cost	45,702	88,492	37,784	82,784
Less: Accumulated amortisation	(24,668)	(25,732)	(23,144)	(24,563)
	<u>21,034</u>	<u>62,760</u>	<u>14,640</u>	<u>58,221</u>
Land and buildings at cost	1,851,413	-	-	-
Less: Accumulated amortisation	(2,266)	-	-	-
	<u>1,849,147</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exploration equipment at cost	-	12,325	-	-
Less: Accumulated depreciation	-	(3,931)	-	-
	<u>-</u>	<u>8,394</u>	<u>-</u>	<u>-</u>
Total property, plant & equipment	<u>2,591,921</u>	<u>126,087</u>	<u>53,458</u>	<u>92,046</u>

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Reconciliations of the carrying amount of each class of property, plant and equipment are set out below:				
Leasehold improvements				
Carrying amount at the beginning of the year	62,760	77,627	58,221	77,627
Amortisation	(15,138)	(20,576)	(14,782)	(19,406)
Additions	2,210	5,709	-	-
Disposals	(28,798)	-	(28,798)	-
Carrying amount at end of year	21,034	62,760	14,640	58,221
Land and buildings				
Carrying amount at the beginning of the year	-	-	-	-
Amortisation	(2,266)	-	-	-
Additions	1,851,413	-	-	-
Disposals	-	-	-	-
Carrying amount at end of year	1,849,147	-	-	-
Furniture, fitting and office equipment				
Carrying amount at the beginning of the year	54,933	57,524	33,825	33,507
Depreciation	(17,043)	(5,638)	(8,311)	(1)
Additions	65,308	3,047	13,601	319
Disposals	(8,044)	-	(297)	-
Carrying amount at end of year	95,154	54,933	38,818	33,825
Motor vehicle				
Carrying amount at the beginning of the year	-	-	-	-
Depreciation	(6,952)	-	-	-
Additions	86,114	-	-	-
Disposals	-	-	-	-
Carrying amount at end of year	79,162	-	-	-
Plant & equipment				
Carrying amount at the beginning of the year	-	105	-	105
Depreciation	(40,483)	(105)	-	(105)
Additions	587,907	-	-	-
Disposals	-	-	-	-
Carrying amount at end of year	547,424	-	-	-
Exploration equipment				
Carrying amount at the beginning of the year	8,394	10,715	-	-
Depreciation	-	(2,844)	-	-
Additions	-	523	-	-
Disposals	(8,394)	-	-	-
Carrying amount at end of year	-	8,394	-	-
TOTAL PROPERTY, PLANT & EQUIPMENT	2,591,921	126,087	53,458	92,046

The land and buildings referred to above were subject to an independent valuation in 2003 by the Capgrow Business Group, at R7,993,593 (approximately A\$1,857,870), on the basis of continued use.

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
12. EXPLORATION EXPENDITURE				
Capitalised exploration expenditure	-	1,969,134	-	-

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas.

13. INTANGIBLES

Goodwill:

Goodwill on consolidation	7,732,999	-	-	-
Accumulated amortisation	(193,472)	-	-	-
	<u>7,539,527</u>	-	-	-

14. PAYABLES

CURRENT

Trade creditors	3,173,160	125,453	51,392	-
Sundry creditors and accruals	53,468	20,858	33,883	51,731
Other	-	483,369	-	483,369
	<u>3,226,628</u>	<u>629,680</u>	<u>85,275</u>	<u>535,100</u>

NON CURRENT

Payables – controlled entities	-	-	4,807,230	4,807,227
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Amounts owing to controlled entities are interest free, unsecured and with no fixed term for repayment.

15. INTEREST BEARING LIABILITIES

CURRENT LIABILITIES

Bank Overdraft	1,675,854	-	-	-
Secured Loans	732,637	-	-	-
Unsecured Loans	662,393	-	-	-
	<u>3,070,884</u>	-	-	-

NON-CURRENT LIABILITIES

Secured Loans	3,745,427	-	-	-
Unsecured Loans	3,631,670	-	-	-
	<u>7,377,097</u>	-	-	-

Financial arrangements

The consolidated entity has access to the following lines of credit:

General banking facility	1,626,923	-	-	-
Term loan facility	4,648,352	-	-	-
Forward exchange contract facility	4,658,352	-	-	-
Secured bank loans	4,658,352	-	-	-
	<u>15,591,979</u>	-	-	-

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
15. INTEREST BEARING LIABILITES (cont)				
Facilities utilised at reporting date				
Bank Overdraft	1,626,923	-	-	-
Term loan	48,931	-	-	-
Secured Loans	4,478,064	-	-	-
	<u>6,153,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities not utilised at reporting date				
Term loan	4,599,421	-	-	-
Forward exchange contract facility	4,658,352	-	-	-
Secured Loans	180,288	-	-	-
	<u>9,438,061</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bank overdrafts, term facility and forward exchange contract facility

The various facilities described above are secured by:

- Unlimited cession of debtors;
- Registration of a first continuing covering mortgage bond over the farm Steenkoppies Magaliesburg for an amount of \$1,394,505 (R6,000,000) supported by a cession of fire and Sasria policy;
- Registration of a general and special notarial bond over stock, plant and equipment for an amount of \$3,486,264 (R15,000,000) supported by a cession of fire and Sasria policy;
- Unlimited suretyship by Golden Valley Mines Ltd; and
- Limited suretyship by other shareholders to the amount of \$669,827 (R2,882,000).

Secured Loans (ABSA Limited)

The loan is repayable in annual instalments which comprise capital and interest of \$1,254,596 (R5,398,029) with a final payment in March 2009. The loan bears interest at 12.5% p.a.

Unsecured Loans (Loans from minority interests in controlled entity)

The loans are unsecured and bore interest at a rate of 9.5% during the year under review. Repayments are as follows:

\$616,230 (R2,660,000) on 13 December 2005
\$927,346 (R 3,990,000) on 13 December 2006

The balance will be repaid when funds are available and can be delayed to a maximum of 5 years.

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
16. PROVISIONS				
CURRENT				
Employee entitlements	284,946	1,592	962	-
Number of employees				
Number of employees at year end	91	2	1	1
17. CONTRIBUTED EQUITY				
(a) Issued and paid up capital				
239,120,188 ordinary fully paid shares (2003: 218,316,509 ordinary fully paid shares)	33,469,250	34,557,748	33,469,250	34,557,748
	<u>33,469,250</u>	<u>34,557,748</u>	<u>33,469,250</u>	<u>34,557,748</u>
(b) Movements in contributed equity				
Opening Balance	218,316,509	34,557,748	203,151,509	33,951,148
Capital raising for working capital at 4.0 cents per share	-	-	3,615,000	144,600
Capital raising for working capital at 3.0 cents per share	15,000,000	450,000	-	-
Capital raising for working capital at 2.9 cents per share	5,803,679	168,308	-	-
Disposal of Navigator Resources Limited	-	(1,680,000)	-	-
Conversion of debt to equity at 4 cents per share	-	-	11,550,000	462,000
Capital raising costs incurred	-	(26,807)	-	-
	<u>239,120,188</u>	<u>33,469,250</u>	<u>218,316,509</u>	<u>34,557,748</u>

The Company completed a capital reduction by way of an in specie distribution of 14,313,434 shares held in Navigator to shareholders of GVM registered on 8 May 2003. The capital reduction was in the amount of \$1,680,000 being the value of the investment distributed to shareholders.

The Company has entered into an Option Agreement whereby GVM has a call option granting GVM the right to acquire the remaining 26% of Nimag, for the total consideration of 65 million shares in GVM at 4 cents per share. Similarly, the shareholders of the remaining 26% of Nimag have a put option granting them the right to dispose of their holding in Nimag to GVM, for the consideration of 65 million shares in GVM at 4 cents per share. The Option Agreement is subject to certain terms and conditions, one of which is that either party can not exercise their option within 12 months of the date the agreement was entered into. The issuing of the GVM shares is also subject to shareholder approval.

(c) Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings.

In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

17. CONTRIBUTED EQUITY (cont)

(d) Options

Unissued ordinary shares of the Company under option at balance date are:-

	Expiry Date	Exercise Price	2004 Number	2003 Number
	24 December 2003	19.23 cents	-	615,000
	30 September 2005	9.23 cents	56,460,000	41,460,000
	30 September 2006	19.23 cents	750,000	750,000
			<u>57,210,000</u>	<u>42,825,000</u>

* As a result of the capital reduction by way of in specie distribution of Navigator Resources Limited, the exercise price of all options on issue were reduced by 0.77 cents per option, in accordance with ASX Listing Rules.

	Consolidated Entity		Company	
	2004 \$	2003 \$	2004 \$	2003 \$
18. RESERVES				
Capital profits reserve	136,445	136,445	136,445	136,445
Foreign currency translation	599,872	-	-	-
	<u>736,317</u>	<u>136,445</u>	<u>136,445</u>	<u>136,445</u>
MOVEMENT DURING THE YEAR				
Foreign Currency Translation	-	-	-	-
Foreign currency translation	599,872	-	-	-
Closing balance of year end	<u>599,872</u>	<u>-</u>	<u>-</u>	<u>-</u>

Nature & Purpose of Reserves**Foreign currency translation**

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy 1(o).

Capital profits reserve

The capital profits reserve contains capital profits derived during previous financial years.

	Consolidated Entity		Company	
	2004 \$	2003 \$	2004 \$	2003 \$
19. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial year	(30,295,845)	(28,559,844)	(30,295,845)	(28,559,844)
Net profit/(loss) attributed to members of parent entity	<u>(577,139)</u>	<u>(1,736,001)</u>	<u>(670,756)</u>	<u>(1,736,001)</u>
Accumulated losses at the end of the financial year	<u>(30,872,984)</u>	<u>(30,295,845)</u>	<u>(30,966,601)</u>	<u>(30,295,845)</u>

20. OUTSIDE EQUITY INTERESTS

Outside equity interests in consolidated entities comprise:

	2004	2003
	\$	\$
Interest in retained profits at the beginning of the year	-	-
Interest in profits from operating activities after income tax	(83,590)	-
Interests in profits at the end of the financial year	(83,590)	-
Interests in share capital	2,581,363	-
Interests in reserves	193,054	-
Total Outside Equity Interests	2,690,827	-

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest rate risk exposures

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

2004	Note	Fixed interest maturing in:			Non-interest bearing	Total	Weighted average interest rate
		Floating interest rate	1 year or less	Over 1-5 years			
		\$	\$	\$	\$	\$	%
<i>Financial assets</i>							
Cash assets	26(a)	2,442,924	-	-	-	2,442,924	7.06
Receivables	7	-	-	-	3,128,926	3,128,926	
Other financial assets	10	-	-	-	721,781	721,781	
		2,442,924	-	-	3,850,707	6,293,631	
<i>Financial liabilities</i>							
Payables	14	-	-	-	3,226,628	3,226,628	
Employee Entitlements	16	-	-	-	284,946	284,946	
Interest bearing liabilities	15	-	3,070,884	7,377,097	-	10,447,981	11.03
		-	3,070,884	7,377,097	3,511,574	13,959,555	

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (cont)

2003	Note	Fixed interest maturing in:			Non-interest bearing	Total	Weighted average interest rate
		Floating interest rate	1 year or less	Over 1-5 years			
		\$	\$	\$	\$	\$	%
<i>Financial assets</i>							
Cash	26(a)	-	500,000	-	(21,410)	478,590	4.00
Receivables	7	532,052	-	-	77,755	609,807	4.60
Other financial assets	10	-	-	-	1,163,595	1,163,595	
		532,052	500,000	-	1,219,940	2,251,992	
<i>Financial liabilities</i>							
Payables	14	483,368	-	-	146,312	629,680	3.80
Employee Entitlements	16	-	-	-	1,592	1,592	
		438,368	-	-	147,904	631,272	

(b) Commodity price risk

The consolidated entity enters into futures contracts to hedge (or hedge a portion of) commodity purchase prices on anticipated specific purchase commitments of nickel. The terms of these contracts are rarely more than two years. The contracts outstanding at year-end are:

	Consolidated National Principal	
	2004	2003
	\$	\$
<i>Hedging Purchases</i>		
Not later than one year	23,050	-
Later than one year but not later than two years	-	-
	23,050	-

(c) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Recognised financial instruments

The credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

Concentration of credit risk on trade and term debtors exists in respect of the business undertaken by Nimag. As at 30 June 2004, 57% of the consolidated entity's trade debtors were owed by United States customers.

Other than the concentration of credit risk described above, the consolidated entity is not materially exposed to any individual overseas country or individual customer.

Unrecognised financial instruments

Credit risk on derivative contracts, which have not been recognised on the statement of financial position, is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

As all futures contracts are transacted through a recognised futures exchange, credit risk associated with these contracts is minimal.

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (cont)

(d) Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the Consolidated Entity on the following bases:

Listed shares included in "Other financial assets" are traded in an organised financial market. The net fair values of listed shares are determined by as the last quoted sale price of the security as at balance date and are disclosed in Notes 8 & 10.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from counterparties (reduced for expected credit losses) or due to suppliers where appropriate. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, accounts receivable and accounts payable approximate net fair value.

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
22. COMMITMENTS				
Non-cancellable operating lease expense commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
Within one year	235,773	145,138	-	-
After one year but no later than five years	582,334	344,000	-	-
	<u>818,107</u>	<u>489,138</u>	-	-

The Consolidated Entity leases property under non-cancellable operating leases expiring in 3 years time. Leases generally provide the Consolidated Entity with a right of renewal at which time all terms are renegotiated.

The Consolidated Entity has sub-leases in place with unrelated parties reducing its exposure by approximately \$100,000 per annum.

Contractual commitments

The Company has entered into an agreement whereby it is proposed to acquire debt (owing by Samroc) from Industrial Development Corporation of South Africa. The basic terms of the agreement call for GVM to acquire total debt of approximately R8.1 million for the total consideration of R2.4 million, payable in 4 equal instalments. Although the two payments of R600,000 were paid subsequent to balance date, no formal agreement has yet been executed.

23. CONTINGENT LIABILITIES

In accordance with normal industry practice the Company has agreed to provide financial support to its 100% controlled entities.

24. DIRECTOR AND EXECUTIVE DISCLOSURES

Remuneration of specified directors by the consolidated entity.

Executive Directors are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-executive Directors receive a fixed monthly fee for their services. Total remuneration for all non-executive directors, is not to exceed \$100,000 per annum.

The Board has not formally constituted a nomination committee or remuneration committee. The whole Board conducts the functions of a nomination committee and remuneration committee.

The Company does not have any scheme relating to retirement benefits for non-executive Directors.

The following table provides the details of all directors of the Company ("specified directors") and the nature and amount of the elements of their remuneration for the year ended 30 June 2004.

		PRIMARY		POST-EMPLOYMENT	
		Salary & fees	Non-monetary benefits	Super annuation benefits	Total
		\$	\$	\$	\$
Specified directors					
<i>Non-executive</i>					
Mr R Linnell	2004	50,000	-	-	50,000
	2003	-	-	-	-
Mr P Cordin	2004	18,000	-	1,620	19,620
	2003	24,000	-	1,620	25,620
Mr M Cordiner (resigned 14 January 2004)	2004	21,500	-	810	22,310
	2003	18,000	-	1,620	19,620
Mr T Sanders (resigned 22 September 2003)	2004	19,500	-	405	19,905
	2003	118,290	-	1,620	119,910
Mr B Sergeant (appointed 30 June 2004)	2004	-	-	-	-
<i>Executive</i>					
Mr S Farrell	2004	123,717	-	8,910	132,627
	2003	107,000	-	9,720	116,720
<hr/>					
Total	2004	232,217	-	11,745	244,462
	2003	267,290	-	14,580	281,870
<hr/>					
<i>Executive Officers – Consolidated</i>					
Mr TG Sinclair ⁽¹⁾	2004	64,916	-	-	64,916
	2003	-	-	-	-
Mr PJ Dillon ⁽²⁾	2004	53,210	-	-	53,210
	2003	-	-	-	-
Mr BB Sinclair ⁽³⁾	2004	33,202	-	-	33,202
	2003	-	-	-	-

24. DIRECTOR AND EXECUTIVE DISCLOSURES (cont'd)

- (1) Mr TG Sinclair is employed by Nimag (Proprietary) Limited in the capacity of Managing Director, on an annual salary of R610,000 per annum, together with an entitlement of a maximum annual travel allowance of R250,000 and a maximum annual subsistence allowance of R92,400.
- (2) Mr PJ Dillon is employed by Nimag (Proprietary) Limited in the capacity of Chief Operations Officer, on an annual salary of R500,000 per annum, together with an entitlement of a maximum annual travel allowance of R150,000.
- (3) Mr BB Sinclair is employed by Nimag (Proprietary) Limited in the capacity of Financial Director and is entitled to receive R26,000 per month.

Equity instruments

Option holdings

Listed Options

The movement during the reporting period in the number of options over ordinary shares exercisable at 9.23 cents on or before 30 September 2005 held, directly, indirectly or beneficially by each specified director including their personally-related entities, is as follows:

	Held at 1 July 2003	Granted as remuneration	Exercised	Other changes*	Held at 30 June 2004
Specified directors					
Mr S Farrell	3,000,000	-	-	-	3,000,000
Mr R Linnell	7,000,000	-	-	-	7,000,000
Mr P Cordin	1,000,000	-	-	-	1,000,000
Mr M Cordiner	1,000,000	-	-	(1,000,000)	-
Mr T Sanders	837,500	-	-	(837,500)	-
Mr B Sergeant	-	-	-	250,000	250,000

All options vested on the date of issue. No options held by specified directors are vested but not exercisable. *Other changes represents the net movement in options that were issued, expired or were forfeited during the year, together with movements that result from either the appointment or resignation of a director.

Unlisted Options

The movement during the reporting period in the number of options over ordinary shares exercisable at 19.23 cents on or before 30 September 2006 held, directly, indirectly or beneficially by each specified director including their personally-related entities, is as follows:

	Held at 1 July 2003	Granted as remuneration	Exercised	Other changes*	Held at 30 June 2004
Specified directors					
Mr R Linnell	-	-	-	-	-
Mr P Cordin	-	-	-	-	-
Mr M Cordiner	-	-	-	-	-
Mr T Sanders	750,000	-	-	(750,000)	-
Mr B Sergeant	-	-	-	-	-

All options vested on the date of issue. No options held by specified directors are vested but not exercisable.

24. DIRECTOR AND EXECUTIVE DISCLOSURES (cont'd)

*Other changes represents the net movement in options that were issued, expired or were forfeited during the year, together with movements that result from either the appointment or resignation of a director.

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares held, directly, indirectly or beneficially by each specified director including their personally-related entities, is as follows:

	Held at 1 July 2003	Purchases	Received on exercise of options	Sales	Held at 30 June 2004
Specified directors					
Mr S Farrell	2,025,000	12,038,778	-	-	14,063,778
Mr R Linnell	-	-	-	-	-
Mr P Cordin	544,593	3,583,000	-	-	4,127,593
Mr M Cordiner	-	-	-	-	-
Mr T Sanders	15,837,500	-	-	(15,837,500)*	-
Mr B Sergeant	-	-	-	-	-

* Mr Sanders resigned as a director during the year.

Loans and other transactions with specified directors and specified executives

Details regarding loans outstanding at the reporting date from specified directors and specified executives are as follows:

- (1) Certain specified executives have provided unsecured loans in the amount of R18,475,621, bearing interest at 9.5% per annum. Agreed repayments terms are R2,660,000 on 13 December 2005 and R3,990,000 on 13 December 2006. The balance will be repaid when funds are available and can be delayed for a maximum of 5 years.
- (2) Nimag (Proprietary) Limited leases on arm's length terms and conditions, the head office building facilities from Gamin Properties (Pty) Limited, a company controlled by certain specified executives, for a total of R19,776.30 (A\$4,596) per month.

Other transactions with the Company or its controlled entities

A number of specified directors or their personally-related entities hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Company or its subsidiaries during the financial year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to specified directors or their personally-related entities, were total expense of \$35,757. Details of the transactions are as follows:

Specified directors	Transaction	Note	2004 \$
Mr B Sergeant	Company secretarial fees	(i)	35,757

- (i) The Company engages Anthony Ho & Associates to provide certain company secretarial, accounting and administrative services to the Consolidated Entity. Mr Sergeant is a Partner of Anthony Ho & Associates.

25. CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

	Country of Incorporation	Owned %	
		2004	2003
Golden Valley Mines Limited	Australia		
Controlled Entities:			
Nimag (Pty) Limited	South Africa	74	-
Metalloy Fibres (Pty) Limited*	South Africa	74	-
Chromet (Pty) Limited*	South Africa	74	-
Magnimount Properties (Pty) Limited*	South Africa	37	-
Magberg Manufacturing (Pty) Limited*	South Africa	74	-
Nimag Limited*	South Africa	74	-
Cove Mining NL	Australia	100	100
Evoc Mining NL	Australia	100	100
Greenstone Gold Mines NL	Australia	100	100
Golden Valley Services Pty Ltd	Australia	100	100
Golden Valley Investments Pty Ltd	Australia	100	100
PetroAsia NL	Australia	100	100
Navigator Resources Limited	Australia	-	100

* Subsidiary companies of Nimag (Proprietary) Limited

(b) Acquisition of controlled entities

The acquisition of the Nimag Group of companies was affected through a newly incorporated shelf company, Nite Lite Investment (Pty) Ltd (later renamed Nimag (Proprietary) Limited), capitalised by GVM for R7,500,000. The Company then acquired Nimag Limited and its subsidiaries, being the Nimag group of companies. Details of the acquisition by Nimag (Proprietary) Limited of the Nimag group is as follows:

	Consolidated Entity 2004 \$
Consideration (cash)	5,487,350
Net cash acquired	657,742
Outflow of cash	<u>4,829,608</u>
Fair value of assets acquired	
Cash assets	1,517,295
Fixed assets	2,234,976
Receivables	1,772,446
Inventory	1,776,167
Payables	(3,121,214)
Bank overdraft	<u>(859,553)</u>
	3,320,117
Outside equity interest at acquisition	(2,581,363)
Goodwill on acquisition	6,644,226
Total consideration	7,382,980
Consideration (non cash)	<u>1,895,630</u>
Consideration (cash)	<u>5,487,350</u>

(c) Disposal of controlled entities

Navigator was admitted to the Official List of ASX on 17 September 2003 and commenced trading on 19 September 2003 having completed a capital raising of approximately \$3,000,000. As part of the process, the Company completed an in specie distribution of 14,313,434 shares held in Navigator to shareholders of GVM registered on 8 May 2003, effectively "disposing" of its interest in Navigator. Details of the disposal are as follows:

	Consolidated Entity 2004 \$
Consideration (cash)	670,000
Consideration (non-cash)	1,680,000
Carrying amount on disposal	<u>(1,873,719)</u>
Profit on disposal	<u>476,281</u>
Net assets disposed of	
Cash	9,241
Property, plant & equipment	13,650
Capitalised exploration	1,969,134
Trade creditors	(81,401)
Outside equity interest	<u>(36,905)</u>
	<u>1,873,719</u>
% interest held after disposal	-

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$

26. NOTES TO THE STATEMENT OF
CASHFLOWS

(a) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position.

Cash at Bank	2,442,924	478,590	119,420	476,630
Bank Overdraft	<u>(1,675,854)</u>	-	-	-
	<u>767,070</u>	<u>478,590</u>	<u>119,420</u>	<u>476,630</u>

	Consolidated Entity		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities				
Profit/(Loss) from ordinary activities after income tax	(660,729)	(1,736,001)	(670,756)	(1,736,001)
<i>Add/(less) non- cash items:</i>				
Amounts set aside (reversed from) provisions	283,354	962	962	(130)
Depreciation/amortisation of property, plant and equipment	81,882	29,163	23,093	19,512
Amortisation of goodwill	193,472	-	-	-
(Profit)/loss on disposal of property, plant and equipment	(7,304)	(2,000)	(7,268)	-
(Profit)/loss on disposal of equity investments	(1,082,838)	(909,689)	(614,130)	(898,355)
Diminution in value of investments	11,305	5,230	209,309	1,168,893
Diminution in value of investments controlled entities	-	-	-	291,785
Provision for non-recoverability of loans - other	211,145	368,860	211,145	368,860
Provision for non-recoverability of loans to controlled entities	-	-	-	131,169
Share of associates loss	231,683	210,752	-	-
Goodwill written off	-	958,141	-	-
<i>Change in assets and liabilities:</i>				
(Increase)/Decrease in trade debtors and other receivables	(867,470)	(62,332)	(7,316)	(40,218)
(Increase)/Decrease in inventory	(1,654,346)	-	-	-
(Increase)/Decrease in prepayments	-	17,191	-	17,191
Increase/(Decrease) in creditors	2,386,983	438	33,544	32,072
Reversal of prior year issue costs	-	(2,802)	-	-
Increase/(Decrease) in Tax Payable, FITB, PDIT	397,897	-	-	-
Net cash used in operating activities	(474,966)	(1,122,087)	(821,417)	(645,222)

(c) Non-cash investing and financing activities

During the 2004 year, the Company was issued with a total of 3,350,000 shares in Navigator Resources Limited as settlement in full of a debt in the amount of \$670,000 owed by Navigator. The Company subsequently sold the shares for total gross proceeds of \$670,000.

27. SEGMENT INFORMATION

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprises interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments

The consolidated entity comprises the following main business segments:

Manufacturing	Mineral processing by Samroc and NiMag in South Africa
Investing	Equity investments in Australia, Canada & United Kingdom

Primary reporting Industry

	Exploration		Manufacturing		Investing		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
Revenue								
Total segment revenue	-	-	15,066,252	-	2,220,160	1,096,374	17,286,412	1,096,374
Unallocated revenue	-	-	-	-	-	-	302,133	260,407
Total Revenue							17,588,545	1,356,781
Result								
Segment result	-	(346,643)	(35,044)	-	1,023,593	546,059	988,549	199,416
Share of net loss of equity accounted investments	-	-	(231,683)	(1,168,893)	-	-	(231,683)	(1,168,893)
Unallocated items	-	-	-	-	-	-	(1,334,005)	(766,524)
Net Profit/(Loss)							(577,139)	(1,736,001)
Depreciation and amortisation	-	(4,039)	(246,708)	-	(28,645)	-	(275,353)	(4,039)
Provision for diminution in investment	-	-	-	-	(59,245)	5,230	(59,245)	5,230
Goodwill written off	-	-	(76,177)	(958,141)	-	(76,177)	(958,141)	-
Assets								
Segment assets	-	1,969,134	18,566,638	-	721,781	1,163,595	19,288,419	3,312,729
Unallocated corporate assets	-	-	-	-	-	-	567,174	1,034,484
Equity accounted investments	-	-	525,269	682,407	-	-	525,269	682,407
Consolidated total assets							20,380,862	5,029,620
Liabilities								
Segment liabilities	-	81,047	14,091,975	-	265,477	-	14,357,452	81,047
Unallocated liabilities	-	-	-	-	-	550,225	-	550,225
Consolidated total liabilities							14,357,452	631,272

27. SEGMENT INFORMATION (cont'd)

Secondary reporting

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of income generated from equity investments. Segment assets are based on the geographical location of the assets.

The consolidated entity has equity interests in an exploration and mining company listed in the United Kingdom, two manufacturing companies listed in South Africa and a biotechnology company listed in Australia.

Geographical segments

	North America		Europe		Africa		South-East Asia		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Revenue by location of customers	3,458,408	-	7,063,045	-	2,264,669	-	4,802,423	1,356,781	17,588,545	1,356,781
Segment assets by location of assets					18,566,638	-	1,814,224	5,029,620	20,380,862	5,029,620
Acquisition of non-current assets					3,046,580	-	13,601	9,279	3,060,181	9,279

28. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

29. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board (AASB).

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impact of any changes in accounting policies in the transition period leading up to the adoption date. This standard applies to interim and annual reporting periods from 30 June 2004 and ceasing to operate on the first-time adoption of Australian equivalents to IFRS.

Subsequently the Company has allocated internal resources and in conjunction with its auditors is assessing those accounting policies and key areas that are likely to be impacted by the transition to IFRS. Priority has been given to the consideration of the impact of the Australian equivalents to IFRS and the preparation of a statement of financial position in accordance with those Australian equivalent standards as at 30 June 2004. This will form the basis of accounting for Australia equivalents of IFRS in the future, and is required, when the Company prepares its first financial report, in accordance with IFRS, for the year ended 30 June 2006.

Pursuant to AASB 1047 the Company must provide a statement disclosing the key potential implications of the conversion to IFRS for reporting periods from 1 January 2005. The Company sets out below an explanation of the significant accounting policies which will change and which may impact on future financial reports prepared in accordance with IFRS. These changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

Goodwill

Under the Australian equivalents to IFRS 3 "Business Combinations" and IFRS 28 "Accounting for Investments in Associates", goodwill acquired on a business combination or in acquiring an investment in an associate company will no longer be able to be amortised, but instead will be subject to annual impairment testing. Under the new policy, amortisation will no longer be charged and if there is any impairment, it will be recognized immediately through the statement of financial performance.

Taxation

Under the Australian equivalent to IAS 12 "Income Taxes", a "balance sheet approach" will be adopted for calculating taxation, replacing the "statement of financial performance approach". This method recognises deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. There will be enhanced disclosure of the composition of the deferred tax assets and liabilities and more deferred tax assets and liabilities may be recognised.

Financial Instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement" financial instruments will be required to be classified into five categories and to be measured based on the nature of the classification. The five categories and basis of measurement are:

- financial asset or financial liability measured at fair value through the statement of financial performance;
- held to maturity investments measured at amortised costs, subject to impairment;
- loans and receivables measured at amortised cost, subject to impairment;
- available for sale assets measured at fair value with changes in fair value measured directly in equity; and
- financial liability measured at amortised cost.

This will result in a change in the current accounting policy that does not classify financial instruments.

Share based Payments

The Company currently does not recognise an expense for options issued to directors and employees. Under AASB 2 "Share Based Payments", the Company will be required to recognise an expense for all share based remuneration, including options, and will amortise those expenses over the relevant vesting periods.

Impairment of Assets

Under the Australian equivalent to IAS 36 "Impairment of Assets" the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in the Company's current accounting policy which determines recoverable amount of an asset on the basis of discounted cash flows. Under the new policy it is likely that the impairment of assets will be recognised sooner and the amount of write downs will be greater.

In the opinion of the directors of Golden Valley Mines Limited ("the Company")

- (a) the financial statements and notes set out on pages 14 to 45 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Blair Sergeant
Director

Date: 4 October 2004



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 both Golden Valley Mines Limited (the "Company") and the Consolidated Entity, for the year ended 30 June 2004. The Consolidated Entity comprises both the Company and the entities it controlled during that 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.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

Independence

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



Audit opinion

In our opinion, the financial report of Golden Valley Mines Limited is in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2004 and of their performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'D P McCOMISH'.

D P McCOMISH
Partner

Perth
4 October 2004

Details of shares and options outstanding over unissued shares as at 30 September 2004.

Substantial shareholders

The details recorded in the Company's register of substantial shareholders are set out below.

HOLDER	UNITS	UNITTYPE
Cherek Pty Ltd	14,063,778	Ordinary Shares

The 20 largest registered holders of each class of security as at 30 September 2004 were:

Fully paid ordinary shares			30 September 2005 options		
Name	No. of Shares	%	Name	No. of Options	%
Cherek Pty Ltd	14,063,778	5.88	Mr R J Linnell	7,000,000	12.40
Westpac Custodian Nominees Limited	12,347,655	5.16	J P Morgan Nominees	3,125,000	5.53
National Nominees Limited	9,654,124	4.04	Mr S J Farrell	3,000,000	5.31
J P Morgan Nominees Australia Limited	6,265,003	2.62	Blackmort Nominees Pty Ltd	2,500,000	4.43
WSP Administration Pty Ltd	5,544,400	2.32	Jovita Holdings Pty Ltd	2,166,667	3.84
D&D Nominees Pty Ltd	5,300,000	2.22	S L Wall & C A Wall	2,166,667	3.84
Preston Resources Limited	4,200,998	1.76	Mr J P J de Vetten & Mrs J de Vetten	1,665,000	2.95
Blackmort Nominees Pty Ltd	4,000,000	1.67	Ms Kathryn Yule	1,400,000	2.48
F A T S Pty Ltd	3,914,000	1.64	Mr C Yang	1,370,000	2.43
Cordin Pty Ltd	3,833,000	1.6	Hightime Investments Pty Ltd	1,250,000	2.21
Woodrose Investments Ltd	3,000,000	1.25	Goffacan Pty Ltd	1,090,000	1.93
Mr T S Sanders & Ms H Sanders	2,550,000	1.07	Mr F J Higgins	1,050,000	1.86
Hightime Investments Pty Ltd	2,500,000	1.05	Mr P G Cordin	1,000,000	1.77
Jovita Holdings Pty Ltd	2,166,667	0.91	Mr M Cordiner	1,000,000	1.77
S L Wall & C A Wall	2,166,667	0.91	Malvern Pty Ltd	1,000,000	1.77
Visiomed Australasia Pty Ltd	2,085,000	0.87	Ms J E White	1,000,000	1.77
Malvern Pty Ltd	2,000,000	0.84	M & K Korkidas Pty Ltd	938,750	1.66
Parkes Holdings Pty Ltd	2,000,000	0.84	Lawrence Crowe Consulting Pty Ltd	875,000	1.55
Mr T S Sanders & Mrs H Sanders	1,700,000	0.71	Mr T S Sanders & Ms H Sanders	837,500	1.48
Mr Ian Keith Macpherson	1,600,000	0.67	Mr J C H Clark & Mrs R K Clark	802,500	1.42
	90,891,292	38.03		35,237,084	62.4

Shares Range	Holders	Units	%	Options Range	Holders	Units	%
1 - 1,000	162	65,649	0.03	1 - 1,000	0	0	0.00
1,001 - 5,000	277	891,532	0.37	1,001 - 5,000	0	0	0.00
5,001 - 10,000	414	3,119,819	1.30	5,001 - 10,000	4	33,929	0.06
10,001 - 100,000	877	36,361,276	15.21	10,001 - 100,000	98	4,531,125	8.03
100,001 - Over	325	198,681,912	83.09	100,001 - over	76	51,894,946	91.91
Total	2,055	239,120,188	100.00	Total	178	56,460,000	100.00

Holders of unmarketable parcel of shares

Holding less than a marketable parcel of ordinary shares (being 27,777 shares at 30 September 2004)

Holders	Units
1,264	11,140,718

Restricted Securities

The Company currently has no restricted securities.

Other Securities – Employee Option Scheme

The Company has not issued any options under the Employee Option Scheme during the year.

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On-Market Buy Back

There is no current on-market buy-back.

TENEMENTS HELD BY CONTROLLED ENTITIES

Project Name	Tenement Number	Interest
Kanowna West*	M27/41	23.68%
	M27/47	23.68%
	M27/59	23.68%
	M27/72, 73	23.68%
	M27/114	23.68%
	M27/181	21.31%
	ML27/181	23.68%
	M27/196	23.68%
	M27/206, 207	23.68%
	M27/224, 225	23.68%
	M27/227	23.68%
	M27/414, 415	23.68%
	P27/113, 114	23.68%
	P27/1158-1162	23.68%
	P27/1164, 1165	23.68%
	P27/1169-1175	23.68%
	P27/1546	23.68%
Morley Find	E30/150	100%
Lake Cowan	E63/649	100%
Abbotshall Royalty	ML63/409-410	Royalty
Kookynie Royalty	ML40/061 ML40/135, 136	Royalty

* These tenements are the subject of a joint venture (JV) arrangement with Placer Dome Limited whereby Placer have the right to earn a 60% interest having met certain criteria, including expending \$2 million in drilling on the subject tenements. This would have the effect of reducing GVM's interest to a fully diluted position of 9.88%.

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