GVM
Metals Limited

ABN 98 008 905 388

ANNUAL REPORT 2005

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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Facsimile: 61 8 9323 2033

Website
www.gvm.com.au

Auditors
Moore Stephens
Level 3, 12 St Georges Terrace
Perth Western Australia 6000

Bankers
National Australia Bank
Level 1, 1238 Hay Street
West Perth Western Australia 6005

Solicitors
Blakiston & Crabb
1202 Hay Street
West Perth Western Australia 6005

Stock Exchange
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth Western Australia 6000

Trading Code: GVM

CONTENTS

Dear Shareholder

The 2005 financial result was a pleasing improvement on the previous year.

Despite a rather modest correction to an overvalued Rand and difficult trading conditions in the third quarter, revenue increased to $31 million, operating cash generated was $2.4 million, EBITDA improved greatly to $3.1million and $3.7million of debt was retired. The Rand seems to have stabilised against major currencies which has reduced the cost of managing currency risk. In addition, the price of nickel in the view of most commentators should weaken rather than strengthen over the next twelve months. This should reduce pressure on our customers to substitute high value nickel alloys for cheaper but technically inferior alternatives.

The NiMag business continues to improve and its new trading and agency arm using NiMag's existing world wide distribution network shows considerable promise. A major focus for NiMag this year is to expand its presence in the booming Chinese markets and the response to its marketing efforts there is encouraging. A number of seminars have been organised for April next year in association with the China Foundry Association and seven plants have placed trial shipment orders in the last quarter. It is felt that if these trial shipments are successful, wider acceptance will quickly follow.

In last year's Annual Report it was noted that the Company was pursuing a significant further investment in the Ferro Alloy industry.The opportunity was the DMS (FeSi) powders business owned by Samancor of South Africa. Unfortunately our tender was unsuccessful, a very disappointing outcome to a lot of effort.

On a much brighter note, we have made our first investment in the coal industry in South Africa by acquiring a 49% interest in the Holfontein project. In the Competent Persons Report that was prepared as part of our Admission Document to AIM, it was estimated that the project contained 51 million tonnes of coal in the inferred resource category that, subject to completion of a successful Definitive Feasibility Study, should yield approximately eight million tonnes of coking and fourteen million tonnes of steaming coal. The Definitive Feasibility Study will be initiated this year to determine the economics of the project. Following the Holfontein acquisition, we have commenced discussions to expand our coal interests and we are confident of completing a more substantial acquisition in the forthcoming year.

The outlook for coal in South Africa looks very bright, with coal power generation capacity falling behind demand and the local steel industry having to import significant levels of metallurgical coal. These domestic factors are set against a background of sharp increases in demand in the international markets, principally bought about by unprecedented growth in China.

While the new growth opportunities in our ferro alloy businesses appear limited in the short to medium term, the potential in coal is enormous. Having decided to sell the Samroc investment, the focus for this year will be very much coal orientated.

By the time of the Annual General Meeting the Company should be admitted to AIM. It is anticipated that this will considerably enlarge the potential investor pool for the company.

The forthcoming year looks very exciting indeed.

Yours truly

Richard Linnell

Chairman

The Directors submit their report together with the financial report of GVM Metals Limited (*the "Company"*) and the consolidated accounts of the Company and its controlled entities (*the "Consolidated Entity"*) for the year ended 30 June 2005 and the Auditor's 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 and a Fellow of The Australian Society of Certified Practicing Accountants and The Australian Institute of Company Directors.

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 Practicing 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.

Directorships in other listed entities

Directorships of other listed entities held by directors of the Company during the last 3 years immediately before the end of the year are as follows:

		Period of directorship	
Director	**Company**	**From**	**To**
Mr S Farrell	GMA Resources plc	2004	Present
	Kenmare Resources plc	2002	Present
	SA Minerals Corporation Ltd	2003	Present
Mr R Linnell	Namakwa Diamond Company NL	2003	Present
	GRD Minproc Ltd	2004	Present
	Chrome Corporation Limited	2005	Present
	GMA Resources plc	2003	Present
	Kalahari Diamonds Plc	2004	2005
	Kalahari Diamond Resources Plc	2004	2005
	Falkland Gold and Minerals plc	2004	Present
	SA Minerals Corporation Limited	2002	Present
Mr B Sergeant	Optima Corporation Limited	2003	Present
	Millepede International Limited	2002	Present

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2005 and the number of meetings attended by each Director:–

	Board Meetings	
Director	**Held**	**Attended**
Mr S Farrell	5	5
Mr R Linnell	5	5
Mr P Cordin	5	5
Mr B Sergeant	5	5

Principal Activities

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

The only significant change in the nature of the Consolidated Entity's principal activities was the acquisition of Master Alloy Traders Limited ("MATS"). MATS is incorporated in Jersey in the Channel Islands and its main operating activity is the trading of minerals from South Africa.

Results

Revenue for 2005 was $31,520,378 and net cash generated from operating activities was $2,360,481. Earnings before interest ($904,206), tax ($323,535), depreciation ($366,226) and amortisation of goodwill ($469,988) was $3,098,102 (2004: $452,157).

The consolidated profit of the Consolidated Entity for this year after income tax and minority interests was $423,879 (2004: loss of $577,139)

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 2005.

Review of Operations

During the year the operations of the Consolidated Entity included:

NiMag (Proprietary) Limited - manufacturing and distribution of nickel and magnesium alloys;
Master Alloy Traders Limited – trading of minerals from South Africa;
SA Mineral Resources Corporation Limited – investment in mineral processing in South Africa; and
Holfontein Coal Project – JV coal project based in South Africa.

Nimag (Proprietary) Limited ("NiMag")

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

Despite difficult trading conditions during the year, Nimag managed to recover significantly during its fourth quarter and reported results for the year that are in line with management's prediction at the beginning of the year. Further improvement in the Nimag Group's performance is expected to continue through the 2006 financial year.

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.

NiMag supplies approximately 40% of world demand for NiMag and FeNiMag products. Other major international suppliers being 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 and NiMag fibre production 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.

Metal Alloy Traders Limited ("MATS")
MATS is incorporated in Jersey in the Channel Islands and it trades various metals purchased from Nimag in South Africa.

The company was acquired during the financial year for an amount of US$1.4m.

SA Mineral Resources Corporation Limited ("Samroc")
Samroc is a Johannesburg Stock Exchange Company and produces manganese sulphate chemicals. During 2004 GVM agreed to acquire all of Samroc's bank debt of R8.5 million from the IDC for R2.4 million, which represents a 72% discount to the face value of the debt.

The continued strength of the South African currency has resulted in Samroc not being able to re-enter the European market. In addition, it also resulted in the withdrawal from South Africa of Samroc's major client, Dow Chemical during February 2005. However, due to the restructuring implemented during the latter half of the previous financial year and GVM's acquisition of the IDC's debt, Samroc was able to report a profit for the financial year and is investigating various restructuring alternatives. These opportunities are being actively pursued and the company is currently trading under a cautionary in South Africa.

Holfontein Coal Project
Early in the second quarter of 2005, a 49% interest in the coal mining project "Holfontein" was acquired with a Black Economic Empowerment ("BEE") partner, Motjoli Resources (Pty) Ltd. The acquisition is subject to a number of conditions, principally related to the size of the economically recoverable tonnes as determined by independent experts.

A Competent Persons Reports has been completed, and a scoping level study is underway to determine the economics of the project.

GMA Resources plc ("GMA")
The Company's net disposal of GMA shares amounted to 1,450,000 during the year for a total net consideration of $633,000.

Review of Financial Condition

Liquidity and funding
The net assets of the Consolidated Entity have increased by $2,478,571 from 30 June 2004 to a total of $8,501,981 in 2005. The increase has largely resulted from the following factors:

- A significant improvement in the operational performance of the NiMag Group in South Africa; and
- Share issues during the year raising net proceeds of approximately $1,030,000.

The Consolidated Entity's reasonably strong financial performance for the year has enabled the group to reduce interest bearing liabilities by $3,695,030 whilst maintaining a healthy level of working capital, which has also improved by $401,218 to in excess of $2.4 million.

The Consolidated Entity has interest bearing-liabilities as at 30 June 2005 of $6,752,951.

Impact of legislation and other external requirements
From 1 July 2005 the Consolidated Entity is required to comply with Australian equivalents to International Financial Reporting Standards (AIFRS) issued by the Australian Accounting Standards Board. The expected impact of the resulting changes in accounting policies are disclosed in Note 28 of the financial report.

There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Consolidated Entity.

Future Developments, Prospects and Business Strategies

Proposed AIM fast track admission
On the 27 April 2005, the Company announced its intention to seek a "Fast Track Admission" to the Alternative Investment Market ("AIM") in London. The decision to seek the dual listing on the AIM market, which is operated by the London Stock Exchange, came as a result of the investment interest shown in London and the placement made around that time which included a number of UK based investors.

The Board of Directors believe the listing of the Company's securities on AIM will provide further exposure to UK and European investors and enable a wider appreciation of the value of the Company's projects in South Africa.

The listing is progressing well and the Directors anticipate the listing to be completed before the end of October 2005.

Strategic direction
While GVM continues to seek new mineral processing opportunities, it appears at this stage that the growth of our existing mineral processing business is to be organic and incremental rather from major acquisitions. Largely due to the dramatically increasing power demands in Southern Africa and the switch in South Africa from being a coking coal exporter to importer, it was felt that the Company should examine local coal opportunities.

Following the acquisition of Holfontein several more substantial coal properties have been identified and negotiations commenced regarding GVM's participation. These discussions are proceeding satisfactorily.

GVM's board believes the outlook for coal in South Africa is very positive. Traditionally, South Africa has been a major producer and exporter of coal (ranked number 5 as a producer and number 2 as an exporter in world terms). The vast bulk of this coal has been sourced from the Witbank coalfields which are now in their mature phase. Recent developments in demand for coal have concentrated expansion efforts towards the relatively underdeveloped northern coalfields, an area of great interest to GVM. Substantial investment in new power generation plants is planned which will require new sources of thermal coal. In addition, congestion at Richards Bay currently precludes export of "new" thermal coal but expansion of the port is widely predicted.

Domestic demand for coking coal is growing rapidly as a result of expanding steel production in the face of contracting local supply. South Africa is now having to import coking coal and the principal off take from new producers will be domestic.

Recent developments suggest that the rail link from South Africa to Maputo (Mozambique) will be upgraded. If this eventuates, Maputo's wharf of Motola will be expanded, permitting a substantial increase in its coal handling facilities and an outlet for South African northern coalfields.

GVM's directors are monitoring these developments closely as they could have a very beneficial effect on the economics of a number of South African coal projects.

Changes in State of Affairs

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

- On 27 January 2005, the Company issued a total of 5,000,000 shares at an issue price of 2.5 cents per share, to raise total gross proceeds of $125,000;
- On 29 April 2005, the Company issued a total of 30,865,000 shares at an issue price of 3 cents per share to raise total gross proceeds of $925,950; and
- The Company settled the acquisition of MATS effective from 22 October 2004.

Likely Developments

The Consolidated Entity will continue to pursue investment opportunities both in the mining and metal processing industries in the forthcoming year.

Events Subsequent to Balance Date

On the 13 September 2005, the Company announced that it has signed an agreement to dispose of its entire holding in SA Minerals Resources Corporation Limited ("Samroc"),of 113,000,000 ordinary shares, representing 30% of the issued share capital of Samroc ("the Disposal"). Total consideration for the sale is equal to R1,130,000 or approximately A$230,000.

As part of the disposal, GVM will also be repaid a total of R2,680,000 (approximately A$547,000), representing:

1. repayment of R2,400,000 (A$490,000) for the IDC debt recently acquired by GVM for the same amount (as previously announced); and
2. R280,000 (A$57,000) being repayment of a loan (plus interest) previously made to Samroc.

The disposal is conditional, inter alia, upon the satisfactory outcome of a due diligence investigation by the purchaser by no later than 25 October 2005.

The decision to dispose of the Company's interest in Samroc's was taken after the company lost its largest customer (+50% of domestic sales) Dow Chemical ("Dow"). Dow closing their South African operations due to the substantial appreciation of the Rand.

Other than that stated above, 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.

Options

Options granted during the year
The Company did not grant any options over unissued ordinary shares during or since the end of the financial year.

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

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
No options lapsed during or since the end of the financial year. However the following options lapse on 30 September 2005:

Expiry Date	Exercise Price	Number of Options
30 September 2005	9.23 cents	54,460,000

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' Interests

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

GVM Metals Limited

Director	Ordinary shares	Listed Options	Unlisted Options
Mr S Farrell(1)	27,374,176	3,000,000	-
Mr R Linnell(2)	3,015,500	7,000,000	-
Mr P Cordin(3)	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. 3,015,500 shares held by Ord Group Pty Ltd <No 2 Account> as trustee for Terra Africa Investments Ltd of which Mr Linnell is both a shareholder and director. The 7,000,000 options are held by Mr Linnell directly.
3. 4,127,593 shares are held by Cordin Pty Ltd, of which Mr Cordin is a director. The 1,000,000 options are held directly by Mr Cordin.

Remuneration Report

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. Executive Directors are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Total remuneration for all non- executive directors, last voted upon by shareholders at the 2004 General Meeting, is not to exceed $200,000 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 remuneration packages applicable to the Board and executive officers of Nimag are reviewed annually by the Board of Nimag and 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:

		PRIMARY		POST-EMPLOYMENT	
		Salary & Fees $	non-monetary benefits $	Superannuation benefits $	Total $
Specified directors					
Non-executive					
Mr R Linnell	2005	74,433	-	-	74,433
	2004	50,000	-	-	50,000
Mr P Cordin	2005	36,000		3,420	39,420
	2004	18,000	-	1,620	19,620
Mr M Cordiner (resigned 14 January 2004)	2005	-	-	-	-
	2004	21,500	-	810	22,310
Mr T Sanders (resigned 22 September 2003)	2005	-	-	-	-
	2004	19,500	-	405	19,905
Mr B Sergeant (appointed 1 July 2004)	2005	24,000	-	-	24,000
	2004	-	-	-	-
Executive					
Mr S Farrell	2005	135,700	-	-	135,700
	2004	123,717	-	8,910	132,627
Total: All Specified Directors	2005	270,133	-	3,420	273,553
	2004	232,217	-	11,745	244,462
Executive Officers – Consolidated					
Mr TG Sinclair (1)	2005	305,778	-	-	305,778
	2004	64,916	-	-	64,916
Mr PJ Dillon (2)	2005	191,938	-	-	191,938
	2004	53,210	-	-	53,210
Mr BB Sinclair (3)	2005	75,882	-	-	75,882
	2004	33,202	-	-	33,202
Total: All Named Executive Officers	2005	573,598	-		573,598
	2004	151,328	-		151,328

Employment Contracts of Directors and Senior Executives

The Company has not entered into any formal contractual agreements with any member of the Board, including the Managing Director.

The employment conditions of the following specified executives have been formalised in contracts of employment:

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. The agreement commenced on 12 December 2003 for a minimum of 3 years and a maximum of 5 years. The agreement may be terminated provided by written notice of 12 months;
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. The agreement commenced on 12 December 2003 for a term of a minimum of 3 years and a maximum of 5 years; and
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. The agreement commenced on 12 December 2003 for an initial term of 12 months. The agreement may be terminated provided a notice of 3 months is given.

Options Granted to Directors and Officers of The Company

No options were issued pursuant to the GVM Metals 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.

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.

Non-Audit Services

During the prior year Moore Stephens performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the prior year by the auditor and is satisfied that the provision of these non-audit services during the prior year by the auditor is compatible with, and did not compromise, the audit independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor.
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included with the Independent Audit Report.

Details of the amounts paid to the auditor of the Company, Moore Stephens (and KPMG as previous auditor), and its related practices for audit and non-audit services provided during the year are set out below:

	Consolidated 2005 $	Consolidated 2004 $
Statutory audit:		
- audit and review of financial reports		
- current auditor	23,182	-
- previous auditor	41,732	25,906
	64,914	**25,906**
Services other than statutory audit:		
- other assurance services		
-current auditor	-	-
- previous auditor	14,700	10,120
	14,700	**10,120**

Auditor's Independence Declaration to the Directors

Refer to page 50 of the Financial Report.

Signed on this 29th day of September 2005 in accordance with a resolution of the Directors.

Simon Farrell
Managing Director

GVM Metals 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.

Role of the Board

The role of the Board is to provide leadership for and supervision over the Company's affairs. The Board is collectively responsible for promoting the success of the Company by:

(a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed, which includes but is not limited to (a) to (i);

(b) ensuring the Company is properly managed for example by:
  (i) appointing and removing the managing director of the Company;
  (ii) ratifying the appointment and, where appropriate, the removal of the chief financial officer and the Company secretary;
  (iii) input into and final approval of management's development of corporate strategy and performance objectives;
  (iv) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
  (v) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;

(c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;

(d) approval of the annual budget;

(e) monitoring the financial performance of the Company;

(f) approving and monitoring financial and other reporting;

(g) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;

(h) liaising with the Company's external auditors and Audit Committee; and

(i) monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

Board Composition

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.

The Directors are subject to election by shareholders. All Directors, apart from the Managing Director, are subject to re-election by rotation within every three years. The Company's Constitution provides that one-third of the Directors retire by rotation at each AGM. Those Directors who are retiring may submit themselves for re-election by shareholders, including any Director appointed to fill a casual vacancy since the date of the previous AGM. The composition of the Board is reviewed at least annually to ensure the balance of skills and experience is appropriate. The Directors have a broad range of qualifications, experience and expertise in the mining, processing and finance industries. The skills, experience and expertise of Directors are set out in the Directors' Report. The names of the Directors in office at the date of this Report, the year they were first appointed, their status as non-executive, executive or independent Directors, whether they are retiring by rotation and seeking re-election by shareholders at the 2005 Annual General Meeting, 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 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.

Meetings

The Board held 5 scheduled meetings during the reporting year and no unscheduled meetings were held during that year. Senior management attended and made presentations at the Board Meetings as considered appropriate and were available for questioning by Directors.

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. Further, an informal evaluation of key executives was carried out by the Board.

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 $200,000 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.

Arrangements Regarding Communications with and Participation of Shareholders

The Company maintains a website at www.gvm.com.au

Under the heading "Investor Relations" the Company makes the following information available on a regular and up to date basis:

- company announcements (for last 3 years);
- information briefings to media & analysts (for last 3 years);
- notices of meetings and explanatory materials;
- financial information (for last 3 years); and
- annual reports (for last 3 years).

Risk Management Policy and Internal Compliance Control System

The Company has a detailed risk management policy and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. It appoints the Managing Director as being responsible for ensuring the systems are maintained and complied with.

Ethical Standards

The Board is committed to promoting the practice of high ethical standards. All directors and employees are expected to act with the utmost integrity and objectivity striving at all times to enhance the reputation and performance of the Company, in the following areas:

- professional conduct;
- dealings with suppliers, advisers and regulators;
- dealings with the community; and
- dealings with other employees.

Policy on Securities Trading

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officer and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also requires the chairperson of the Company to be notified when trading of securities in the Company occurs.

ASX Guidelines on Corporate Governance

Pursuant to ASX Listing Rules the Company must provide a statement disclosing the extent to which the ASX best practice recommendations have not been followed in the reporting year. The Company sets out below an explanation of the areas where GVM does not presently comply with ASX best practice recommendations.

Board Committees

The Company does not presently have a separate audit, nomination or remuneration committee. The Company is in its early stages of development and as such, the entire Board conducts the function of such committees. The duties of such committees have been considered and adopted by the Board. The board invites persons with relevant industry and financial experience when required to carry out the functions of such committees.

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
REVENUE	2	31,520,378	17,588,545	1,563,385	1,801,228
Changes in inventories of finished goods and work in progress		66,834	(1,365,377)	-	-
Raw materials and consumables used		(22,480,207)	(10,914,505)	-	-
Consulting expenses		(413,652)	(628,149)	(306,257)	(335,686)
Employee expenses		(2,865,537)	(1,106,379)	(400,081)	(297,405)
Borrowing costs	3	(904,206)	(541,177)	(765)	(3,014)
Depreciation expenses	3	(366,226)	(81,882)	(19,013)	(23,093)
Amortisation of goodwill	3	(469,988)	(193,472)	-	-
Exploration expenses		-	(61,177)	-	-
Office rental , outgoings and parking		(324,941)	(262,734)	(62,503)	(162)
Decrease/(increase) diminution in value of investments		(442,265)	(11,305)	(419,035)	(209,309)
Carrying value of investments disposed of		(483,152)	(467,777)	(483,152)	(455,379)
Carrying value of Navigator Resources Ltd investment disposed of		-	(670,000)	-	(670,000)
Carrying value of property, plant and equipment disposed of		(36,697)	(29,096)	-	(29,096)
Bad debt expense		-	(127,703)		-
Provision for non-recoverability of loans to controlled entities		-	-	-	(33,857)
Provision for non-recoverability of loans		(137,866)	(211,145)	(136,660)	(211,145)
Diminution in value of controlled entities		-	-	-	-
Other expenses from ordinary activities		(1,651,559)	(981,339)	(254,069)	(203,838)
Share of net profit/(losses) of associate accounted for using the equity method	8	23,230	(231,683)		-
Profit/(Loss) from ordinary activities before income tax (expense)/benefit	3	1,034,147	(296,355)	(518,151)	(670,756)
Income tax relating to ordinary activities	4	(323,535)	(364,374)	400	-
Profit/(Loss) from ordinary activities after related income tax (expense)/benefit		710,612	(660,729)	(517,751)	(670,756)
Outside equity interest	19	(286,733)	83,590	-	-
Net profit attributable to members of the parent entity		**423,879**	**(577,139)**	**(517,751)**	**(670,756)**
Basic earnings/(loss) per share (in cents)	5	0.17	(0.25)		

The accompanying notes form part of these financial statements

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
CURRENT ASSETS					
Cash assets	25(a)	1,806,353	2,442,924	188,202	119,420
Receivables	7	4,216,583	3,128,926	680,652	423,803
Inventory	9	3,363,679	3,430,513	-	-
TOTAL CURRENT ASSETS		9,386,615	9,002,363	868,854	543,223
NON CURRENT ASSETS					
Receivables	7	-	-	4,556,736	4,437,973
Investments accounted for using the equity method	8	222,806	525,270	-	-
Intangibles	12	8,736,300	7,539,527	-	-
Other financial assets	10	925,645	721,781	4,279,492	2,497,907
Property, plant and equipment	11	2,434,245	2,591,921	43,887	53,458
Deferred tax		26,886	-	-	-
TOTAL NON CURRENT ASSETS		12,345,882	11,378,499	8,880,115	6,989,338
TOTAL ASSETS		21,732,497	20,380,862	9,748,969	7,532,561
CURRENT LIABILITIES					
Payables	13	4,680,280	3,226,628	168,870	85,275
Interest bearing liabilities	14	2,016,220	3,070,884	-	-
Provisions	15	99,986	284,946	1,254	962
Current tax liability		116,810	347,804	-	-
TOTAL CURRENT LIABILITIES		6,913,296	6,930,262	170,124	86,237
NON CURRENT LIABILITIES					
Payables	13	1,580,489	-	6,425,817	4,807,230
Interest bearing liabilities	14	4,736,731	7,377,097	-	-
Deferred tax liability		-	50,093	-	-
TOTAL NON CURRENT LIABILITIES		6,317,220	7,427,190	6,425,817	4,807,230
TOTAL LIABILITIES		13,230,516	14,357,452	6,595,941	4,893,467
NET ASSETS		**8,501,981**	**6,023,410**	**3,153,028**	**2,639,094**
EQUITY					
Contributed equity	16	34,500,935	33,469,250	34,500,935	33,469,250
Reserves	17	1,244,562	736,317	136,445	136,445
Accumulated losses	18	(30,449,104)	(30,872,984)	(31,484,352)	(30,966,601)
TOTAL PARENT EQUITY INTEREST		5,296,393	3,332,583	3,153,028	2,639,094
OUTSIDE EQUITY INTEREST	19	3,205,588	2,690,827	-	-
TOTAL EQUITY		**8,501,981**	**6,023,410**	**3,153,028**	**2,639,094**

The accompanying notes form part of these financial statements

	Note	Consolidated Entity 2005 $	2004 $	Company 2005 $	2004 $
Cash flows from operating activities					
Interest received		157,513	34,599	108,429	31,932
Cash receipts in the course of operations		30,072,218	14,765,282	929,224	123
Interest paid		(904,206)	(541,177)	(765)	(3,014)
Payments to suppliers and employees		(26,965,044)	(14,733,670)	(1,075,284)	(850,458)
Net cash used in operating activities	25(b)	2,360,481	(474,966)	(38,396)	(821,417)
Cash flows from investing activities					
Payments for property, plant and equipment		(245,253)	(341,836)	(9,443)	(13,601)
Proceeds from the sale of property, plant and equipment		54,354	36,400	13,455	36,364
Proceeds from sale of equity investments		849,480	1,649,162	849,480	1,649,162
Payments for equity investments		(655,980)	(483,369)	(2,683,772)	(1,949,771)
Loans made to other entities		(594,050)	-	(712,813)	-
Net cash received on acquisition of subsidiary	24(a)	257,743	-	-	-
Net cash paid on acquisition of subsidiary	24(b)	-	(4,829,608)	-	-
Net cash provided by investing Activities		(333,706)	(3,969,251)	(2,543,093)	(277,846)
Cash flows from financing activities					
Loans from controlled entities		-	-	-	-
Loans to controlled entities		-	-	-	-
Loans repaid by controlled entities		-	-	-	150,553
Proceeds from issue of shares and options		1,050,950	618,308	1,031,684	618,308
Transaction costs from issue of shares		(19,265)	(26,807)	-	(26,807)
Loans from other entities		-	4,141,196	1,618,587	-
Loans repaid to other entities		(2,798,037)	-	-	-
Net cash provided by financing activities		(1,766,352)	4,732,697	2,650,271	742,054
Net increase/(decrease) in cash held		260,423	288,480	68,782	(357,209)
Cash at beginning of financial year		767,070	478,590	119,420	476,629
Cash at end of financial year	25(a)	**1,027,493**	**767,070**	**188,202**	**119,420**

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's 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 recognise 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 – 2005	Range – 2004
• Furniture, fittings and office equipment	13% - 50%	13% - 33%
• Motor vehicles	20% - 33%	20% - 33%
• Plant & equipment	20%	20%
• Leasehold Improvements	25%	20%
• Buildings	20%	20%

(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 2005, 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 2005.

(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 loses 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 20.

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 book 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 Entity. 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 13,"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	
	2005	2004	2005	2004
	$	$	$	$

2. REVENUE

Revenue from operating activities				
Sale of goods	29,402,751	15,066,252	-	-
Interest income	157,513	34,599	108,429	31,932
Other revenue	1,056,280	231,134	592,021	123
Revenue from outside operating activities				
Gross proceeds from sale of equity investments	849,480	2,220,160	849,480	1,732,809
Gross proceeds from sale of property, plant and equipment	54,354	36,400	13,455	36,364
Total revenue from ordinary activities	**31,520,378**	**17,588,545**	**1,563,385**	**1,801,228**

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:				
- office furniture, fittings & equipment	38,169	17,043	9,593	8,311
- leasehold improvements	9,420	15,138	9,420	14,782
- buildings	14,743	2,266	-	-
- motor vehicle	48,019	6,952	-	-
- plant & equipment	255,875	40,483	-	-
	366,226	**81,882**	**19,013**	**23,093**
Amortisation of:				
- goodwill	469,988	193,472	-	-
	836,214	**275,354**	**19,013**	**23,093**
Profit/(loss) on sale of property plant and equipment	17,658	7,304	13,455	7,268
Net foreign exchange gain/(loss)	221,491	335,366	-	-
Amount set aside to/(reversed from) provisions for:				
- employee entitlements	(198,065)	283,354	292	962
Exploration expenditure expensed	-	61,177	-	-
Borrowing costs - other	639,909	443,531	765	3,014
- related parties	264,297	97,646	-	-
Operating lease expenses	362,546	262,734	-	-

	Consolidated Entity		Company	
	2005	2004	2005	2004
	$	$	$	$
(b) Individually significant items included in profit/(loss) from ordinary activities before income tax				
Profit/(loss) on disposal of equity investments	366,328	1,082,838	366,328	614,130
Provision for diminution in value of Investments	(442,265)	(11,305)	(419,035)	(209,309)
Provision for diminution in value of Investments – controlled entities	-	-	-	-
Bad debt expense	-	(127,703)	-	-
Provision for non-recoverability of loans	(137,866)	(211,145)	(136,660)	(211,145)
Provision for non-recoverability of loans to controlled entities	-	-	-	(33,857)
Share of net profit/(losses) of associate	23,230	(231,683)	-	-

4. TAXATION

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
(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% (2004: 30%)	310,244	(88,907)	(155,325)	(201,226)
Add/(less) tax effect of:				
Non deductible items	53,836	38,291	5,933	41,489
Non-deductible amortisation	140,996	58,042	-	-
Net gain on sale of shares	(109,898)	(143,940)	(109,898)	(3,328)
Provision for diminution in value	132,680	69,505	125,711	62,793
Provision for non-recovery of loans	41,360	65,826	40,998	63,343
Provision for non-recovery of loans to controlled entities	-	-	-	-
Provision for diminution in value of investments - controlled entities	-	-	-	-
	569,218	(1,183)	(92,581)	(36,929)
Future income tax benefit not brought to account	(245,683)	365,557	92,181	36,929
Income tax expense attributable to profit/(loss) from ordinary activities	**323,535**	**364,374**	**(400)**	**-**
(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	**4,794,000**	**4,126,600**	**4,7500,000**	**1,895,900**

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 2002/2003 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 2005, 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 2005.

	Consolidated Entity	
	2005	**2004**
	$	**$**
5. EARNINGS /(LOSS) PER SHARE		
Basic profit/(loss) per share (cents per share)	0.17	(0.25)
Weighted average number of ordinary shares used as the denominator	**246,079,558**	**228,809,501**

As at 30 June 2005, there were 57,210,000 (2004: 57,210,000) 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**	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
6. AUDITORS' REMUNERATION				
Amounts received or due and receivable by the auditors of the Company for				
Moore Stephens				
- audit and review of financial reports	23,182	-	23,182	-
- other services	-	-	-	-
	23,182	-	23,182	-
KPMG				
- audit and review of financial reports	41,732	25,906	41,732	25,906
- other services	14,700	10,120	14,700	5,605
	56,432	36,026	56,432	31,511
Amounts received or due and receivable by the auditors of the subsidiaries				
- audit and review of financial reports	36,735	15,529	-	-
- other services	-	31,057	-	-
	36,735	**46,586**	**-**	**-**

	Consolidated Entity		Company	
	2005	2004	2005	2004
	$	$	$	$
7. RECEIVABLES				
CURRENT				
Receivable – controlled entities	-	-	-	-
Provision for doubtful receivables – controlled entities	-	-	-	-
Receivable – associates	594,051	51,574	594,051	51,574
Provision for doubtful receivables – associate	(38,804)	(51,574)	(38,804)	(51,574)
Trade debtors	3,182,755	2,795,942	-	102,227
Other debtors	1,156,441	861,415	803,265	850,007
Provision for doubtful receivables – other	(677,860)	(528,431)	(677,860)	(528,431)
	4,216,583	**3,128,926**	**680,652**	**423,803**
NON CURRENT				
Amounts receivable from controlled entities	-	-	5,155,284	5,036,521
Provision for doubtful receivables	-	-	(598,548)	(598,548)
	-	**-**	**4,556,736**	**4,437,973**

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

	Consolidated Entity		Company	
8. INVESTMENTS – EQUITY METHOD				
Carrying value of investments in associates at beginning of year	525,270	682,407	-	-
Investments in associate acquired during year-		-	-	-
Increase diminution in value of investment	(325,694)			
Share of associates net profit/(loss) :$Nil)	23,230	(155,506)	-	-
Goodwill written off	-	(76,177)	-	-
Foreign currency translation adjustment	-	74,546	-	-
Carrying value at end of year	**222,806**	**525,270**	**-**	**-**

Investments in Associate

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 0.01, or $0.002. 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	
	2005	2004	2005	2004
	$	$	$	$
9. INVENTORY				
Raw Materials	1,257,191	861,890	-	-
Consumable Stores	29,909	34,716	-	-
Work in progress	661,972	-	-	
Finished Goods	133,768	1,050,708	-	-
Residue Stock (Nickel)	1,280,839	1,483,199	-	-
	3,363,679	**3,430,513**	**-**	**-**

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

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
Investments:				
Shares in other corporations listed on A stock exchange at cost	429,660	688,743	2,280,960	2,540,043
Provision for diminution in value	(168,744)	(52,172)	(1,797,238)	(1,378,202)
	260,916	636,571	483,722	1,161,841
Shares in controlled entities at cost	-	-	12,088,310	9,628,607
Provision for diminution in value	-	-	(8,292,540)	(8,292,541)
	-	-	3,795,770	1,336,066
Shares in other corporations	664,729	85,210	-	-
	925,645	**721,781**	**4,279,492**	**2,497,907**
Market value of above investments listed on a stock exchange as at 30 June 2005	260,916	1,312,704	483,722	1,837,974

Shares in other corporations represent an initial payment of South African Rand 3 million ($646,183) plus certain capitalised expenses for a 49% interest in the Holfontein Coal Project. The remainder of the purchase consideration is payable as per note 20. The initial payment will be refunded in the event of the project not proceeding to completion.

11. PROPERTY, PLANT & EQUIPMENT

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
Furniture, fittings and office equipment at cost	211,442	159,209	91,301	81,858
Less: Accumulated depreciation	(102,224)	(64,055)	(52,634)	(43,040)
	109,218	**95,154**	**38,667**	**38,818**
Motor vehicle at cost	233,010	86,114	-	-
Less: Accumulated depreciation	(87,973)	(6,952)	-	-
	145,037	79,162	-	-
Plant and equipment at cost	991,210	948,788	-	360,881
Less: Accumulated depreciation	(657,238)	(401,364)	-	(360,881)
	333,972	547,424	-	-

	Consolidated Entity		Company	
	2005	2004	2005	2004
	$	$	$	$
11. PROPERTY, PLANT & EQUIPMENT (cont)				
Leasehold Improvements at cost	45,702	45,702	37,784	37,784
Less: Accumulated amortisation	(34,088)	(24,668)	(32,564)	(23,144)
	11,614	21,034	5,220	14,640
Land and Buildings at cost	1,851,413	1,851,413	-	-
Less: Accumulated amortisation	(17,009)	(2,266)	-	-
	1,834,404	1,849,147	-	-
Exploration equipment at cost	-	-	-	-
Less: Accumulated depreciation	-	-	-	-
	-	-	-	-
Total property, plant & equipment	**2,434,245**	**2,591,921**	**43,887**	**53,458**

Reconciliations of the carrying amount of each class of property, plant and equipment are set out below:

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
Leasehold improvements				
Carrying amount at the beginning of the year	21,034	62,760	14,640	58,221
Amortisation	(9,420)	(15,138)	(9,420)	(14,782)
Additions	-	2,210	-	-
Disposals	-	(28,798)	-	(28,798)
Carrying amount at end of year	11,614	21,034	5,220	14,640
Land and Buildings				
Carrying amount at the beginning of the year	1,849,147	-	-	-
Amortisation	(14,743)	(2,266)	-	-
Additions	-	1,851,413	-	-
Disposals	-	-	-	-
Carrying amount at end of year	1,834,404	1,849,147	-	-
Furniture, fitting and office equipment				
Carrying amount at the beginning of the year	95,154	54,933	38,818	33,825
Depreciation	(38,169)	(17,043)	(9,593)	(8,311)
Additions	52,233	65,308	9,442	13,601
Disposals	-	(8,044)	-	(297)
Carrying amount at end of year	109,218	95,154	38,667	38,818
Motor Vehicle				
Carrying amount at the beginning of the year	79,162	-	-	-
Depreciation	(48,019)	(6,952)	-	-
Additions	150,597	86,114	-	-
Disposals	(36,703)	-	-	-
Carrying amount at end of year	145,037	79,162	-	-

	Consolidated Entity		Company	
	2005	2004	2005	2004
	$	$	$	$
11. PROPERTY, PLANT & EQUIPMENT (cont)				
Plant & equipment				
Carrying amount at the beginning of the year	547,424	-	-	-
Depreciation	(255,875)	(40,483)	-	-
Additions	42,423	587,907	-	-
Disposals		-	-	-
Carrying amount at end of year	333,972	547,424	-	-
Exploration equipment at cost				
Carrying amount at the beginning of the year	-	8,394	-	-
Depreciation	-	-	-	-
Additions	-	-	-	-
Disposals	-	(8,394)	-	-
Carrying amount at end of year	-	-	-	-
TOTAL PROPERTY, PLANT & EQUIPMENT	**2,434,245**	**2,591,921**	**43,887**	**53,458**

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.

12. INTANGIBLES

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
Goodwill:				
Goodwill on consolidation	9,399,760	7,732,999	-	-
Accumulated amortisation	(663,460)	(193,472)	-	-
	8,736,300	**7,539,527**	**-**	**-**

13. PAYABLES

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
CURRENT				
Trade creditors	3,263,853	3,173,160	5,731	51,392
Sundry creditors and accruals	417,027	53,468	163,139	33,883
Other	999,400	-	-	-
	4,680,280	**3,226,628**	**168,870**	**85,275**
NON CURRENT				
Payables – controlled entities	-	-	4,845,328	4,807,230
Payables - other	1,580,489	-	1,580,489	-
	1,580,489	**-**	**6,425,817**	**4,807,230**

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

14. INTEREST BEARING LIABILITES

	Consolidated Entity		Company	
	2005	2004	2005	2004
	$	$	$	$
CURRENT LIABILITIES				
Bank Overdraft	778,860	1,675,854	-	-
Secured Loans	715,146	732,637	-	-
Unsecured Loans	522,214	662,393	-	-
	2,016,220	**3,070,884**	**-**	**-**
NON-CURRENT LIABILITIES				
Secured Loans	2,440,174	3,745,427	-	-
Unsecured Loans	2,296,557	3,631,670	-	-
	4,736,731	**7,377,097**	**-**	**-**
Financial arrangements				
The Consolidated Entity has the access to the following lines of credit:				
General banking facility/bank overdraft	1,374,100	1,626,923	-	-
Term loan facility	3,926,000	4,648,352	-	-
Forward exchange contract facility	3,926,000	4,658,352	-	-
	9,226,100	**10,933,627**	**-**	**-**
Facilities utilised at reporting date				
Bank Overdraft	778,860	1,626,923	-	-
Secured Loans	3,155,320	4,478,064	-	-
	3,934,180	**6,104,987**	**-**	**-**
Facilities not utilised at reporting date				
Bank overdraft	595,240	-	-	-
Forward exchange contract facility	3,926,000	4,658,352	-	-
Term loan facility	770,680	180,288	-	-
	5,291,920	**4,838,640**	**-**	**-**

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 $1,177,800 (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 $2,944,500 (R15,000,000) supported by a cession of fire and Sasria policy;
- Unlimited suretyship by GVM Metals Ltd; and
- Limited suretyship by other shareholders to the amount of $565,737 (R2,882,000).

Secured Loans (ABSA Limited)
The loan is repayable in annual instalments which comprise capital and interest of $1,059,633 (R5,398,029) with a final payment in March 2009. The loan bears interest at 1% above the South African prime interest rate.

Unsecured Loans (Loans from minority interests in controlled entity)
The loans are unsecured and bore interest at a rate of 8.5% during the year under review. Repayments are as follows:

$522,158 (R2,660,000) on 13 December 2005
$783,237 (R3,990,000) 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	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
15. PROVISIONS				
CURRENT				
Employee entitlements	99,986	284,946	1,254	962
Number of employees				
Number of employees at year end	100	91	1	1
16. CONTRIBUTED EQUITY				
(a) Issued and paid up capital				
274,985,189 ordinary fully paid shares (2004: 239,120,188 ordinary fully paid shares)	34,500,935	33,469,250	34,500,935	33,469,250
	34,500,935	**33,469,250**	**34,500,935**	**33,469,250**
(b) Movements in contributed equity				
Opening Balance	239,120,188	33,469,250	218,316,509	34,557,748
Capital raising for working capital at 2.5 cents per share	5,000,000	125,000	-	-
Capital raising for investment capital at 3.0 cents per share	30,865,001	925,950	-	-
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	-	-	-	-
Capital raising costs incurred		(19,265)	-	(26,807)
	274,985,189	**34,500,935**	**239,120,188**	**33,469,250**

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 @ 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 @ 4 cents per share. The Option Agreement is subject to certain terms and conditions. The issuing of the GVM shares is also subject to shareholder approval.

(c) Terms and conditions

Holders of ordinary share 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.

(d) Options

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

Expiry Date	Exercise Price*	2005 Number	2004 Number
30 September 2005	9.23 cents	56,460,000	56,460,000
30 September 2006	19.23 cents	750,000	750,000
		57,210,000	**57,210,000**

* As a result of the capital reduction by way of in specie distribution of Navigator Resources Limited during 2004, the exercise price of all options on issue were reduced by 0.77 cents per option, in accordance with ASX Listing Rules.

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
17. RESERVES				
Capital profits reserve	136,445	136,445	136,445	136,445
Foreign currency translation	1,108,117	599,872	-	-
	1,244,562	**736,317**	**136,445**	**136,445**
MOVEMENT DURING THE YEAR				
Foreign Currency Translation				
Opening balance	599,872	-	-	-
Foreign currency translation	508,245	599,872	-	-
Closing balance of year end	**1,108,117**	**599,872**	**-**	**-**

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	
	2005	2004	2005	2004
	$	$	$	$
18. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial year	(30,872,984)	(30,295,845)	(30,966,601)	(30,295,845)
Net profit/(loss) attributed to members of parent entity.	423,879	(577,139)	(517,751)	(670,756)
Accumulated losses at the end of the financial year	**(30,449,105)**	**(30,872,984)**	**(31,484,352)**	**(30,966,601)**

19. OUTSIDE EQUITY INTERESTS

Outside equity interests in consolidated entities comprise:

	2005	2004
	$	$
Interest in retained profits at the beginning of the year	(83,590)	-
Interest in profits from operating activities after income tax	286,732	(83,590)
Interests in profits at the end of the financial year	203,142	(83,590)
Interests in share capital	2,581,363	2,581,363
Interests in reserves	421,083	193,054
Total Outside Equity Interests	**3,205,588**	**2,690,827**

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Financial Instruments

Forward exchange contracts

The economic entity enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the economic entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

The accounting policy in regard to forward exchange contracts is detailed in note 1 (o).

At balance date, the details of the outstanding forward exchange contracts are:

Buy SA Rands	**Sell US Dollars**		**Average exchange rate**	
	2005	**2004**	**2005**	**2004**
	US$	**US$**		
Settlement:				
- Less than 6 months	1,025,000	385,548	6.519	7.013

Buy Euro Dollars	**Sell SA Rand**		**Average exchange rate**	
	SAR	**SAR**		
Settlement:				
- Less than 6 months	778,572	-	8.068	-

No unrealised profit from forward exchange contracts was recognised as it is immaterial.

(b) 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:

			Fixed interest maturing in:				
2005	**Note**	**Floating interest rate rate**	**1 year or less**	**Over 1-5 years**	**Non-interest bearing**	**Total**	**Weighted average interest rate**
		$	$	$	$	$	%
Financial assets							
Cash assets	25(a)	1,806,353	-	-	-	1,806,353	3%
Receivables	7				4,216,583	4,216,583	
Other financial assets	10				925,645	925,645	
		1,806,353	**-**	**-**	**5,142,228**	**6,948,581**	
Financial liabilities							
Payables	13	-			4,680,280	4,680,280	
Employee Entitlements	15	-	-	-	99,986	99,986	
Interest bearing liabilities	14	778,860	1,237,360	4,736,731	-	6,752,951	10.1
		778,860	**1,237,360**	**4,736,731**	**4,780,266**	**11,533,217**	

			Fixed interest maturing in:				
2004	**Note**	**Floating interest rate rate**	**1 year or less**	**Over 1-5 years**	**Non-interest bearing**	**Total**	**Weighted average interest rate**
		$	$	$	$	$	%
Financial assets							
Cash	25(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**	
Financial liabilities							
Payables	13	-	-	-	3,226,628	3,226,628	
Employee Entitlements	15	-	-	-	284,946	284,946	
Interest bearing liabilities	14	-	3,070,884	7,377,097	-	10,447,981	11.03
			3,070,884	**7.377,097**	**3,511,574**	**13,959,555**	

(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	
	2005	**2004**
Hedging Purchases	$	$
Not later than one year	1,504,809	23,050
but not later than two years	-	-
	1,504,809	**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 2005, 81% (2004: 57%) of the Consolidated Entity's trade debtors were owed by United States and European 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.

(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.

21. COMMITMENTS

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
Non-cancellable operating lease expense commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
Within one year	282,162	235,773	-	-
After one year but no later than five years	245,339	582,334	-	-
	527,501	**818,107**	**-**	**-**

The Consolidated Entity leases property under non-cancellable operating leases expiring in 1.5 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

Early in the second quarter of 2005, GVM, together with a South African company, entered into an agreement for the acquisition of a small South African based coal mining project known as "Holfontein". GVM's interest in the project is 49%. The acquisition is subject to a number of conditions, principally related to the size of the economically recoverable tonnes as determined by independent experts.

A Competent Persons Reports has been completed, and a scoping level study is underway (BRSW Mining Consultants/Badger Mining) to determine the economics of the project. In terms of the Sale and Purchase Agreement, the acquisition becomes voidable if the deposit is not larger than 8 million tonnes of economically recoverable coal. The size of the deposit has not yet determined at balance sheet date.

The total purchase consideration of the project is South African Rand 21 million ($4,1 million) of which South African Rand 3 million ($646,182) is payable on the conversion of the Old Order Prospecting Rights to New Order Prospecting Rights (NOPR) and the remainder on the completion of the bankable feasibility study. Because of the current delays in the granting of exploration permits by the South African Department of Minerals & Energy, the drilling program to commence the feasibility study is at least six months away. Payment for the property is not due for 9 months after the granting of the NOPR.

An initial payment of South African Rand 3 million ($646,182) was deposited in trust with the legal representatives of the sellers prior to 30 June 2005. The amount will be refunded in the event of the transaction not proceeding. If the transaction proceeds, the initial payment will go towards the payment of the South African Rand 3 million ($646,182) payable on the conversion of the Old Order Prospecting Rights to NOPR.

22. CONTINGENT LIABILITIES

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

23. Director and executive disclosures

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 2004	Granted as remuneration	Exercised	Other changes	Held at 30 June 2005
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 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.

Unlisted Options

The movement during the reporting period in the number of options over ordinary shares exercisable at 20 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 2004	Granted as remuneration	Exercised	Other changes	Held at 30 June 2005
Specified directors					
Mr S Farrell	-	-	-	-	-
Mr R Linnell	-	-	-	-	-
Mr P Cordin	-	-	-	-	-
Mr B Sergeant	-	-	-	-	-

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

23. Director and executive disclosures (cont'd)

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 2004	Purchases	Received on exercise of options	Sales	Held at 30 June 2005
Specified directors					
Mr S Farrell	14,063,778	13,310,398	-	-	27,374,176
Mr R Linnell	-	3,015,500	-	-	3,015,500
Mr P Cordin	4,127,593	-	-	-	4,127,593
Mr B Sergeant	-	-	-	-	-

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 R14,357,976, 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 R27,777.67 (A$5,950) 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 $49,744. Details of the transactions are as follows:

Specified Directors	Transaction	Note	2005 $	2004 $
Mr B Sergeant	Company secretarial fees	(i)	49,744	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.

24. CONTROLLED ENTITIES

(a) Particulars in Relation to Controlled Entities

	Country of Incorporation	Owned % 2005	Owned % 2004
GVM Metals Limited	Australia		
Controlled Entities:			
Master Alloy Traders Limited	Jersey	100	-
NiMag (Pty) Limited	South Africa	74	74
Metalloy Fibres (Pty) Limited*	South Africa	74	74
Chromet (Pty) Limited*	South Africa	74	74
Magnimount Properties (Pty) Limited*	South Africa	37	37
Magberg Manufacturing (Pty) Limited*	South Africa	74	74
NiMag Limited*	South Africa	74	74
Cove Mining Pty Ltd	Australia	100	100
Evoc Mining Pty Ltd	Australia	100	100
Greenstone Gold Mines Pty Ltd	Australia	100	100
Golden Valley Services Pty Ltd	Australia	100	100
Golden Valley Investments Pty Ltd	Australia	100	100
PetroAsia Pty Ltd	Australia	100	100

* Subsidiary companies of NiMag (Proprietary) Limited

(b) Acquisition of Controlled Entities

2005

The company acquired 100% interest in Master Alloy Traders Limited ("MATS") during the financial year by means of a vendor loan of US$1.4million. The loan is repayable out of a portion of the future dividend payments of MATS and is interest free. Details of the acquisition are as follows:

	Consolidated Entity 2005 $
Consideration (cash)	-
Net cash acquired	257,743
Inflow of cash	**257,743**
Fair value of assets acquired	
Cash assets	257,743
Receivables	76,484
Payables	(206,014)
	128,213
Goodwill on acquisition	1,666,761
Total consideration	1,794,974
Consideration (non cash)	(1,794,974)
Consideration (cash)	**-**

2004

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 the Company for R7,500,000. Nimag (Proprietary) Limited 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 2005 $
Consideration (cash)	5,487,350
Net cash acquired	657,742
Outflow of cash	**4,829,608**
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	(859,553)
	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)	1,895,630
Consideration (cash)	**5,487,350**

25. NOTES TO THE STATEMENT OF CASH FLOWS

(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.

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
Cash at Bank	1,806,353	2,442,924	188,202	119,420
Bank Overdraft	(778,860)	(1,675,854)	-	-
	1,027,493	**767,070**	**188,202**	**119,420**

(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Company 2005 $	Company 2004 $
Profit/(Loss) from ordinary activities after income tax	710,612	(660,729)	(517,751)	(670,756)
Add/(less) non- cash items:				
Amounts set aside (reversed from) provisions	(184,960)	283,354	292	962
Depreciation/amortisation of property, plant and equipment	366,226	81,882	19,013	23,093
Amortisation of goodwill	469,988	193,472	-	-
(Profit)/loss on disposal of property, plant and equipment	(17,658)	(7,304)	(13,455)	(7,268)
(Profit)/loss on disposal of equity investments	(366,328)	(1,082,838)	(366,328)	(614,130)
Diminution in value of investments	442,265	11,305	419,035	209,309
Diminution in value of investments controlled entities	-	-	-	-
Provision for non-recoverability of loans - other	137,866	211,145	136,660	211,145
Provision for non-recoverability of loans to controlled entities	-	-	-	-
Share of associates (profit) / loss	(23,230)	231,683	-	-
Goodwill written off	-	-	-	-
Change in assets and liabilities:				
(Increase) in trade debtors and other receivables	(386,313)	(867,470)	200,543	(7,316)
(Increase)/Decrease in inventory	66,834	(1,654,346)	-	-
(Increase)/Decrease in prepayments	-	-	-	-
Increase/(Decrease) in creditors	1,453,152	2,386,983	83,595	33,544
Reversal of prior year issue costs		-		-
Increase/(Decrease) in Tax Payable, FITB, PDIT	(307,973)	397,897	-	-
Net cash used in operating activities	**2,360,481**	**(474,966)**	**(38,396)**	**(821,417)**

(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.

26. 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. Segment results, asset 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	Manufacturing $		Investing $		Consolidated $	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Revenue						
Total segment revenue	30,051,449	15,066,252	957,909	2,220,160	31,009,358	17,286,412
Unallocated revenue	-	-	-	-	511,020	302,133
Total Revenue					**31,520,378**	**17,588,545**
Result						
Segment result	1,073,082	(35,044)	956,829	1,023,593	2,029,911	988,549
Share of net profit/(loss) of equity accounted investments	23,230	(231,683)	-	-	23,230	(231,683)
Unallocated items	-	-	-	-	(1,629,262)	(1,334,005)
Net Profit/(Loss)					**423,879**	**(577,139)**
Depreciation and amortisation	(347,212)	(246,708)	(19,014)	(28,645)	(366,226)	(275,353)
Provision for diminution in investment	-	-	(442,265)	(59,245)	(442,265)	(59,245)
Goodwill written off	(386,650)	(76,177)	(83,338)	-	(469,988)	(76,177)
Assets						
Segment assets	18,014,171	18,566,638	925,645	721,781	18,939,816	19,288,419
Unallocated corporate assets	-	-	-	-	2,569,875	567,174
Equity accounted investments	222,806	525,269	-	-	222,806	525,269
Consolidated total assets					**21,732,497**	**20,380,862**
Liabilities						
Segment liabilities	11,315,654	14,091,975	1,914,862	265,477	13,230,516	14,357,452
Unallocated liabilities	-	-	-	-	-	-
Consolidated total liabilities					**13,230,516**	**14,357,452**

26. 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, an unlisted trading company in Jersey, one listed and one unlisted manufacturing company in South Africa and a biotechnology company listed in Australia.

Geographical segments	North America $		Europe $		Africa $		South-East Asia $		Consolidated $	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenue by location of customers	9,853,200	3,458,408	11,865,875	7,063,045	5,761,980	2,264,669	4,039,323	4,802,423	31,520,378	17,588,545

	Europe $		Africa $		Australia $		Consolidated $	
Segment assets by location of assets	447,897	-	17,627,521	18,566,638	3,657,079	1,814,224	21,732,497	20,380,862
Acquisition of non-current assets	-	-	-	3,046,580	-	13,601	-	3,060,181

27. SUBSEQUENT EVENTS

On the 13 September 2005, the Company announced that it has signed an agreement to dispose of its entire holding in SA Minerals Resources Corporation Limited ("Samroc"),of 113,000,000 ordinary shares, representing 30% of the issued share capital of Samroc ("the Disposal"). Total consideration for the sale is equal to R1,130,000 or approximately A$230,000.

As part of the disposal, GVM will also be repaid a total of R2,680,000 (approximately A$547,000), representing:

1. repayment of R2,400,000 (A$490,000) for the IDC debt recently acquired by GVM for the same amount (as previously announced); and
2. R280,000 (A$57,000) being repayment of a loan (plus interest) previously made to Samroc.

The disposal is conditional, inter alia, upon the satisfactory outcome of a due diligence investigation by the purchaser by no later than 25 October 2005.

The decision to dispose of the Company's interest in Samroc was taken after it has lost its largest customer (+50% of domestic sales) Dow Chemical ("Dow"). Dow closed their South African operations due to the substantial appreciation of the Rand.

Other than the above, 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.

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

The Company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Company's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Company's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the key material differences in the Consolidated Entity's accounting policies on conversion to AIFRS, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of management.

i) Goodwill on consolidation

Under AASB 3: Business Combinations, goodwill is capitalised and is subject to an annual impairment test. Amortisation of goodwill is prohibited. Current accounting policy of the entity is to amortise goodwill on a straight line basis over a period of 20 years. Therefore, the unamortised balance of goodwill as at 1 July 2004 will be restated and subject to annual impairment testing. This will result in goodwill amortisation of $469,988, being reversed thereby increasing the profit for the year ended 30 June 2005 by $469,988. The carrying value of the goodwill on consolidation will also be increased by $469,988 as at 30 June 2005.

ii) Income Tax

Currently, the company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

There is expected to be an immaterial impact on the application of this standard.

iii) Share Based Payments

Under AASB2 Share based Payments, the Company will be required to determine the fair value of options issued to employees and directors as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share based payments that have not vested as at 1 January 2005.

There is expected to be an immaterial impact on the application of this standard as there is currently no unvested equity based remuneration as at 1 January 2005.

iv) Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often. The company has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005.

The impact of the change is estimated to be immaterial.

v) Derivative Financial Instruments

The Company does not currently recognise derivative financial instruments in the financial statements. AASB 139: Financial Instruments: Recognition and Measurement requires a change to the method of accounting for derivative instruments and hedging activities so that they are recorded in the financial statements. AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first AIFRS comparative year and the first time adoption of this standard will apply from 1 July 2005. The economic entity has decided that it will adopt this election and will not restate comparative information for the financial year ending 30 June 2005.

SUMMARY

On transition to AIFRS the estimated cumulative financial effect of the reliably known differences on the Consolidated Entity's reported net profit and equity as at 30 June 2005 is summarised below. As noted above, these amounts represent management's best estimates, and could differ from actuals.

	Consolidated Entity 2005 $	Company 2005 $
Reconciliation of Net Profit		
Net profit/(loss) reported under Australian Accounting Standards	423,879	(517,751)
Key transitional adjustments:		
- Reversal of amortisation of goodwill (i)	469,988	-
Net profit/(loss) under AIFRS	**893,867**	**(517,751)**
Reconciliation of Equity		
Total equity reported under Australian Accounting Standards	8,501,981	3,153,028
Retrospective adjustments to equity at 1 July 2004		
- Reversal of amortisation of goodwill (i)	469,988	-
Total equity under AIFRS	**8,971,969**	**3,153,028**

In the opinion of the directors of GVM Metals Limited ("the Company")

(a) the financial statements and notes set out on pages 17 to 48 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 2005 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.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the managing director and chief financial officer for the financial year ended 30 June 2005.

Dated at Perth, Western Australia this 29th day of September 2005.

Signed in accordance with a resolution of the Directors:

Simon Farrell
Managing Director

MOORE STEPHENS

GVM METALS LIMITED
ABN 98 008 905 388

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GVM METALS LIMITED

I declare, that to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of September 2005.

SCOPE

The Financial Report, Remuneration Disclosures & 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 GVM Metals Limited (the "Company") and the Consolidated Entity for the year ended 30 June 2005. The Consolidated Entity comprises both the Company and the entities it controlled during that year.

The Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "Remuneration Report" in pages 9 to 10 of the directors' report, as permitted by the Corporations Regulations 2001.

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. The directors are also responsible for the remuneration disclosures contained in the directors' 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 and the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001. 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, Accounting Standards, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

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 remuneration disclosures, 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 have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of GVM Metals Limited on 29 September 2005, would be in the same terms if provided to the directors as at the date of this audit report.

Audit Opinion

In our opinion:

(1) the financial report of GVM Metals 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 2005 and of their performance for the 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; and

(2) the remuneration disclosures that are contained in pages 9 to 10 of the directors' report comply with Accounting Standard AASB 1046 and the *Corporations Regulations* 2001.

NEIL PACE
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of September 2005.

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%
Abbotshall Royalty	ML63/409-410	Royalty
Kookynie Royalty	ML40/061	Royalty
	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 maximum 60% interest having met certain criteria, including expended $2 million in exploring the subject tenements. This would have the effect of reducing GVM's interest to a fully diluted position of 9.88%.

Details of shares and options outstanding over unissued shares as at 3 October 2005.

Substantial shareholders

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

Holder	Units	Unit Type
Cherek Pty Ltd	14,063,778	Ordinary Shares

Top holders

The 20 largest registered holders of each class of security as at 3 October 2005 were:

Fully paid ordinary shares

Name	No. of Shares	%
Australian Heritage Group Pty Ltd <Minsec Small Cap Res Fund>	20,000,000	7.27
National Nominees Limited	16,697,282	6.07
Cherek Pty Ltd	14,063,778	5.11
Mr Simon James Farrell	11,310,398	4.11
Jaspon Holdings Pty Ltd <Jock Clough Family A/C>	7,000,000	2.55
D & D Nominees Pty Ltd	5,300,000	1.93
Australian Heritage Group Pty Ltd <New Capital Fund A/C>	5,000,000	1.82
Australian Heritage Group Pty Ltd <New Capital Fund A/C>	5,000,000	1.82
Q-Met Ltd	4,865,000	1.77
Perpetual Custodians Limited	4,700,000	1.71
Blackmort Nominees Pty Ltd <42377 Account>	4,000,000	1.45
Universal Oil (Australia) Pty Ltd	4,000,000	1.45
Cordin Pty Ltd <No. 1 Account>	3,833,000	1.39
Mr Garth William Pernase & Mrs Susan Anne Botica	2,900,000	1.05
Berne No 132 Nominees Pty Ltd <323731 A/C>	2,730,000	0.99
Ord Group Pty Ltd <No. 2 Account>	2,515,500	0.91
Mr Robert Gardner	2,500,000	0.91
ANZ Nominees Limited <Cash Income A/C>	2,431,152	0.88
Mrs S A Botica & Mr G W Pernase <G W Pernase & Co S/F A/C>	2,300,000	0.84
Macrae Holdings (WA) Pty Ltd <Macrae Investment A/C>	2,300,000	0.84
	123,446,110	44.87

Unlisted 30 September 2006 options

Name	No. of Options	%
Mr Thomas Steven Sanders & Ms Helen Sanders	750,000	100.00
	750,000	100.00

Distribution schedules

Distribution of each class of security as at 3 October 2005 were:

Ordinary fully paid shares

Shares Range		Holders	Units	%
1 -	1,000	80	30,533	0.01
1,001 -	5,000	105	309,434	0.11
5,001 -	10,000	108	825,258	0.30
10,001 -	100,000	629	30,467,956	11.08
100,001 -	Over	304	243,352,008	88.50
Total		1,226	274,985,189	100.00

Unlisted 30 September 2006 Options

Options Range		Holders	Units	%
1 -	1,000	-	-	0.00
1,001 -	5,000	-	-	0.00
5,001 -	10,000	-	-	0.00
10,001 -	100,000	-	-	0.00
100,001 -	over	1	750,000	100.00
Total		1	750,000	100.00

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 26,316 shares at 3 October 2005)

Holders	**Units**
485	4,763,083

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.

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