Regulatory Announcement

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Company	GVM Metals Ltd
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GVM METALS LIMITED

Preliminary Final Results for the Year Ended 30 June 2006

GVM Metals Limited ("GVM" or "the Company") is pleased to announce its preliminary final results for the year ended 30 June 2006. A full copy of the financial report is available at the Company's website, www.gvm.com.au.

Highlights

- Revenue for 2006 was $32,340,604 (2005: $31,000,529) largely from the NiMag business. At current exchange rates and nickel prices, NiMag is expected to generate substantially higher operational cash flov over the 2006/07 financial year.
- Net cash generated from operating activities was $398,234 (2005: $2,360,481).
- Earnings before interest, tax and depreciation was $1,245,403 (2005: $2,774,567). The earnings before interest tax and depreciation, adjusted for the AIM listing and share based payments was $2,200,938.
- Following the acquisition of a 49% interest in the Holfontein coal project, GVM conditionally acquired a 74% interest in the Limpopo coal project during the period under review. In August 2006, the company announced the conditional merger of its coal interests with those of Motjoli Ltd, its Holfontein J.V. partner. This transaction will result in GVM holding 100% of the Holfontein project, 74% of the Limpopo Coal Project and a 50% share in the Baobab coal project, which is located some 50kms south of the Limpopo project.
- The Company is in an advanced stage of negotiation to acquire a further coal interest in the Limpopo province of South Africa.

"GVM's strategic direction is firmly set towards becoming a major South African coal producer over the next fi years whilst continuing to develop its existing and profitable metal processing business and seeking oth opportunities" said Managing Director Simon Farrell today. "The primary focus for the forthcoming two years is to bring Holfontein into production and complete feasibility studies for at least one of the Limpopo/Baobab coa projects and position GVM as a major player in the re-awakening of the coal industry in South Africa."

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Directors' Report

Principal Activities

Whilst the principal trading activity of the Company and it controlled entities ("Consolidated Entity") is manufacture and distribution of Nickel and Magnesium alloys, the Company's primary focus is to expand its interests in South Africa. Following the acquisition of a 49% interest in the Holfontein coal project, GV conditionally acquired a 74% interest in the Limpopo coal project during the year. In August 2006, the company announced the conditional merger of its coal interests with those of Motjoli Ltd, its Holfontein J.V. partner. This transaction will result in GVM holding 100% of the Holfontein project, 74% of the Limpopo Coal Project and a 50% share in the Baobab coal project, which is located some 50kms south of the Limpopo project. The Company is in an advanced stage of negotiation to acquire a further coal interest in the Limpopo province of South Africa.

Results

Revenue for 2006 was $32,340,604 (2005: $31,000,529) and net cash generated from operating activities w $398,234 (2005: $2,360,481). Earnings before interest ($669,044), tax ($566,732) and depreciation ($242,768) was $1,245,403 (2005: $2,774,567).
The 2006 results include a share based payment charge of $551,200 relating to share options issued to the company's directors on 28 June 2006 as well as $404,335 in listing and marketing expenses relating to th Company's successful listing on the Alternative Investment Market (AIM) in London during the year. The earnings before interest tax and depreciation, adjusted for AIM listing and share based payments is $2,200,938.

Nimag reported earnings before interest ($669,044), tax ($566,732) and depreciation ($226,725) of $2,823,541.

The loss of the Consolidated Entity for the 2006 financial year after income tax and minority interests was $587,011 (2005: Profit of $793,338).

Dividends

The Directors do not recommend payment of a dividend in respect of the financial year ended 30 June 2006.

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")

NiMag began producing alloys in 1962.

Ductile iron (also called spheroidal graphite iron or nodular cast iron) was discovered in the 1940s. The introduction of magnesium into the melt results in nodular rather than flaky graphite in the resultant cast iron, giving the cast iron properties approaching those of steel, while maintaining the advantages of the casting process. The magnesium is usually added as a nickel alloy, making it easier to add and contribute to product quality. NiMag still primarily supplies the ductile iron market as a specialist supplier with a world market share of about 35% in core product line. 95% of sales are exported through 35 distributors world wide. Demand for NiMag's alloys is proportional with world demand for ductile iron, principally for automotive parts and industrial machinery. Demand for NiMag products has grown gradually to meet current capacity of 400 tonnes per month (all products). Potential for expansion of the core nickel-magnesium alloy product is presently limited by the size of end markets. NiMag is increasing the penetration of a variety of other products developed for alternative markets. NiMag produces approximately 500 tonnes of cast and slit fibres which are used in reinforced concrete by domestic mining and tunneling operations.

NiMag's competitive advantages include low electricity and labour costs. The main input cost is locally sourced nickel raw material, which is matched with sales to minimize nickel price exposure.

GVM acquired 74% of NiMag from a management group in January 2004. The consideration was R37 Million ($A8 million) comprising R7.5 million in cash up front, R20 million borrowed against the business and R9.5 million in vendor finance.
GVM retained the right to buy the balance of NiMag for R13 million payable in GVM shares issued at $A0.40 each.
It is intended that these shares will be issued immediately on GVM's listing on the Johannesburg Stock Exchar (JSE), which is expected to occur in the last quarter of 2006. When these shares are issued, GVM will own 100% of NiMag.

Since GVM acquired the business, NiMag has broadly met or exceeded production and sales budgets. However the strength of the Rand through the period has inflated costs relative to the US dollar denominated sales. Despite the difficult trading conditions imposed by the Rand's strength in 2005 and 2006, NiMag traded profitably, contributing about $4,575,000 in surplus funds to repayment of its acquisition costs. At the end of June 2006, GVM's remaining acquisition loans comprised $2,342,000 in bank debt and $1,876,700 to the NiMag vendors. The NiMag vendor loans will be repaid at the end of 2006.

Depreciation of the Rand and strengthening of Nickel prices since January 2006 has widened NiMag's profit margins. At current exchange rates and Nickel prices, NiMag is expected to generate substantially higher operational cash flows over the 2006/07 financial year.

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.

SA Mineral Resources Corporation Limited ("Samroc")

Samroc is a Johannesburg Stock Exchange listed company which produces manganese sulphate chemicals. During the latter half of 2005 GVM stated its intention to dispose of its entire investment in Samroc and sold 15,000,0 shares in Samroc at two South African cents per share during May 2006.

As a result of its intended disposal, the Samroc investment has been reclassified as a Non-current Investment Held for Sale.

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 number of conditions, principally related to the size of the economically recoverable tonnes as determinec independent experts.

The Old Order Prospecting Rights relating to the project were successfully converted to New Order Prospectin Rights during the year (as required by the South African Department of Minerals and Energy) and a drilling program is currently underway to determine the economics of the project. The feasibility study is expected to be completed by the end of the 2006 calendar year.

The Holfontein Coal Project is currently the subject of further negotiations as discussed under Future Developments, Prospects and Business Strategies in this report.

GMA Resources plc ("GMA")

The Company disposed of its entire investment in GMA during the year.

Review of Financial Position

Liquidity and funding

The net assets of the Consolidated Entity have decreased from $8,971,969 as at 30 June 2005 to $7,661,354 in 2006.
This was mainly due to a negative exchange movement of $1,369,241 in the translation of opening equity balances of subsidiaries charged directly to equity.
The Group also incurred $404,335 in expenses related to its listing on the AIM and recorded a loss of $9 representing its share of Samroc's loss during the first half of the year, which would not recur in future years. The Group raised approximately $895,000 during the year from the issue of shares and repaid some $1,892,500 of debt. The Group also raised £3,200,000 through the placing of shares during July 2006.

The Consolidated Entity's net working capital at year end was $1,628,543 whilst interest bearing liabilitie $5,153,889.

Impact of legislation and other external requirements

From 1 July 2005 the Consolidated Entity is required to comply with Australian equivalents to International Financial Report Standards (AIFRS) issued by the Australian Accounting Standards Board. The 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 significa impacted the results or operations of the Consolidated Entity.

Future Developments, Prospects and Business Strategies

Proposed JSE listing

The Company successfully listed on AIM in December 2005 and completed a GBP 3.2 million (A$7.9 million capital raising in July 2006.
Under current South African Reserve Bank requirements, it is difficult to acquire South African assets from S African residents with shares if those shares are not listed on the Johannesburg Stock Exchange (JSE). Following the conditional acquisition of the Limpopo Coal project by the issuance of GVM shares and the subsequer transaction, it became necessary for GVM to seek a listing on the JSE, which it hopes to obtain by the end of October 2006.

GVM believes that a JSE listing will assist the company to further expand its mining interest in South Africa by allowing the Company to acquire assets by means of share issue.

Conditional merger with the coal assets of Motjoli Resources

In August 2006, the company advised that it had conditionally acquired Motjoli's 51% interest in the Holfontein Coal Project, Motjoli's 50% interest in the Baobab J.V. Coal Project and its 100% interest in three Limpopo prospecting permits adjacent to those held by the Baobab J.V. The Baobab J.V. is some 50/60km south of GVM's 74% owned Limpopo Coal Project.

GVM will hold - post closure of the Limpopo and Motjoli transactions - a very substantial holding in what is widely regarded as South Africa's new coal province.

Strategic direction

GVM's strategic direction is firmly set towards becoming a major South African coal producer over the next fiv years whilst continuing to develop its existing metal processing business and seeking other mining opportunities.

The primary focus for the forthcoming two years is to bring Holfontein into production and complete feasibili studies for at least one of the Limpopo/Baobab coal projects.

The combined Limpopo and Baobab Coal Projects comprise 23 prospecting leases totalling 32,000 Hectares.

After 20 years of dormancy, the future for coal is very bright in South Africa. GVM is determined to become a major player in the re-awakening of the coal industry in South Africa

Changes in State of Affairs

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

- On 13 October 2005, the company consolidated its share capital in the ratio of 1 share for every 10 previously held.
- On 31 October 2005, the Company issued 200,000 shares at an issue price of 25 cents per share to settle certain creditor balances;
- During February and March 2006 the company placed a total of 1,400,000 shares at an issue price of 25 cents per share, to raise total gross proceeds of $350,000; and
- On 8 March 2006, the Company issued a total of 2,212,500 shares at an issue price of 25 cents per share settle certain creditor balances as well as to acquire preference shares in Nimag (Pty) Limited.

Likely Developments

The Consolidated Entity will continue to expand its coal interests in South Africa and is targeting the establishment of its first operating coal mine within the next 18 to 24 months. It will also continue to pursue investment opportunities both in the mining and metal processing industries in the forthcoming year.

Events Subsequent to Balance Date

In July 2006, the Company successfully completed a share placement of 24,615,384 new ordinary shares which raised £3,200,000. These shares commenced trading on the Alternative Investment Market of the London Stock Exchange ("AIM") on 13 July 2006.

On 22 August 2006 GVM announced that it has executed binding Heads of Agreement with Motjoli Resources (Pty) Ltd (Motjoli) acquire Motjoli's 51% interest in the Holfontein Coal project, taking GVM's interest to 100%. Further, the Heads of Agreement includes the acquisition of Motjoli's 50% interest in the Boabab J.V. coal project and its 100% interest in three Limpopo prospecting licenses adjacent to those held by the Boabab J.V.

The consideration payable for the Holfontein and Boabab J.V. interests is 34,863,226 ordinary shares plus a 3,417,964 ordinary shares to be issued on the grant of an export allocation to GVM at the Richards Bay Co Terminal, for a minimum of 100,000 metric tones of coal per annum.

Income Statements For the Year Ended 30 June 2006

	Consolidated Entity		Parent Entity	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
REVENUE	32,340,604	31,000,529	380,250	1,080,233
Changes in inventories of finished goods and work in progress	(367,491)	66,834	-	-
Raw materials and consumables used	(23,529,689)	(22,480,207)	-	-
Consulting expenses	(400,187)	(413,652)	(342,066)	(306,257)
Employee expenses	(3,516,128)	(2,865,537)	(970,187)	(400,081)
Borrowing costs	(669,044)	(904,206)	-	(765)
Depreciation expenses	(242,768)	(366,226)	(16,043)	(19,013)
Office rental , outgoings and parking	(204,865)	(324,941)	(60,385)	(62,503)
Decrease/(increase) diminution in value of investments	(4,325)	(442,265)	(4,325)	(419,035)
Loss on investments disposed of	(40,197)	-	(40,197)	-
Bad debt expense	(1,159)	-	(1,159)	-
Provision for non-recoverability of loans	-	(137,866)	-	(136,660)
Other expenses from ordinary activities	(2,932,530)	(1,651,558)	(658,856)	(254,070)
Share of net profit/(losses) of associate accounted for using the equity method	(98,630)	23,230	-	-
Profit/(Loss) before income tax (expense)/benefit	**333,591**	**1,504,135**	**(1,712,968)**	**(518,151)**
Income tax expense / benefit	(566,732)	(323,535)	-	4
Profit/(Loss) after tax	**(233,141)**	**1,180,600**	**(1,712,968)**	**(517,751)**
Outside equity interest	(353,870)	(387,262)	-	-
Net profit/(loss) attributable to members of the parent entity	**(587,011)**	**793,338**	**(1,712,968)**	**(517,751)**
Basic earnings/(loss) per share (in cents)	(2.04)	3.22		

Balance Sheets as at 30 June 2006

	Consolidated Entity		Parent Entity	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
CURRENT ASSETS				

Cash assets	985,333	1,806,353	78,191	188,202
Receivables	6,374,684	5,714,592	722,916	680,652
Inventory	3,245,656	3,363,679	-	-
TOTAL CURRENT ASSETS	10,605,673	10,884,624	801,107	868,854
NON CURRENT ASSETS				
Receivables	-	-	4,522,652	4,556,736
Assets held for sale	94,596	222,806	-	-
Intangibles	7,441,280	9,206,288	-	-
Other financial assets	699,992	925,645	4,465,409	4,279,492
Property, plant and equipment	1,803,312	2,434,245	27,845	43,887
Deferred tax assets	36,669	26,886	-	-
TOTAL NON CURRENT ASSETS	10,075,849	12,815,870	9,015,906	8,880,115
TOTAL ASSETS	20,681,522	23,700,494	9,817,013	9,748,969
CURRENT LIABILITIES				
Payables	5,940,126	6,178,289	328,915	168,870
Interest bearing liabilities	2,451,628	2,016,220	-	-
Provisions	125,790	99,986	212	1,254
Current tax liability	459,586	116,810	-	-
TOTAL CURRENT LIABILITIES	8,977,130	8,411,305	329,127	170,124
NON CURRENT LIABILITIES				
Payables	1,340,777	1,580,489	6,601,208	6,425,817
Interest bearing liabilities	2,702,261	4,736,731	-	-
TOTAL NON CURRENT LIABILITIES	4,043,038	6,317,220	6,601,208	6,425,817
TOTAL LIABILITIES	13,020,168	14,728,525	6,930,335	6,595,941
NET ASSETS	**7,661,354**	**8,971,969**	**2,886,678**	**3,153,028**
EQUITY				
Contributed equity	35,396,353	34,500,935	35,396,353	34,500,935
Reserves	426,521	1,244,562	687,645	136,445
Accumulated losses	(30,666,656)	(30,079,645)	(33,197,320)	(31,484,352)
TOTAL PARENT EQUITY INTEREST	5,156,218	5,665,852	2,886,678	3,153,028

OUTSIDE EQUITY INTEREST	2,505,136	3,306,117	-	-
TOTAL EQUITY	**7,661,354**	**8,971,969**	**2,886,678**	**3,153,028**

Cash Flow Statements For the year ended 30 June 2006

	Consolidated Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
Cash flows from operating activities				
Interest received	84,578	157,513	30,280	108,429
Cash receipts in the course of operations	31,482,520	30,072,218	312,266	929,224
Interest paid	(669,044)	(904,206)	-	(765)
Payments to suppliers and employees	(30,499,820)	(26,965,044)	(1,327,010)	(1,075,284)
Net cash generated by /(used in) operating activities	398,234	2,360,481	(984,464)	(38,396)
Cash flows from investing activities				
Payments for property, plant and equipment	(148,489)	(245,253)	-	(9,443)
Proceeds from the sale of property, plant and equipment	-	54,354	-	13,455
Proceeds from sale of equity investments	226,511	849,480	226,511	849,480
Payments for equity investments	(47,576)	(655,980)	(47,576)	(2,683,772)
Loans (made to)/from other entities	-	(594,050)	34,084	(712,813)
Net cash received on acquisition of subsidiary	-	257,743	-	-
Net cash generated by / (used in) investing activities	30,446	(333,706)	213,019	(2,543,093)
Cash flows from financing activities				
Loans from controlled entities	-	-	175,391	-
Proceeds from issue of shares	543,750	1,050,950	543,750	1,031,684
Transaction costs from issue of shares	(57,707)	(19,265)	(57,707)	-
Loans from other entities	-	-	-	1,618,587
Loans repaid to other entities	(1,892,452)	(2,798,037)	-	-

Net cash generated by financing activities	(1,406,409)	(1,766,352)	661,434	2,650,271
Net increase/(decrease) in cash held	(977,729)	260,423	(110,011)	68,782
Cash at beginning of financial year	1,027,493	767,070	188,202	119,420
Cash at end of financial year	**49,764**	**1,027,493**	**78,191**	**188,20**

Statements of Changes in Equity as at 30 June 2006

	Ordinary share capital	Capital profits reserve	Foreign currency translation reserve	Share options	Accumulated losses	Total	Outside Equity interests
	$	$	$	$	$	$	$
Consolidated entity							
Balance at 1 July 2005	34,500,935	136,445	1,108,117	-	(30,079,645)	5,665,852	3,306,117
Shares issued during the year	953,125	-	-	-	-	953,125	-
Capital raising costs incurred	(57,707)	-	-	-	-	(57,707)	-
Adjustments from translation of foreign controlled entities	-	-	(1,369,241)	-	-	(1,369,241)	-
Share based payments	-	-	-	551,200	-	551,200	-
Loss attributable to members of parent entity	-	-	-	-	(587,011)	(587,011)	-
Loss attributable to minority shareholders	-	-	-	-	-	-	(353,870)
Minority interest in reserves	-	-	-	-	-	-	221,480
Preference shares acquired by parent entity	-	-	-	-	-	-	**(668,591)**

Balance at 30 June 2006	**35,396,353**	**136,445**	**(261,124)**	**551,200**	**(30,666,656)**	**5,156,218**	**2,505,136**
Parent entity							
Balance at 1 July 2005	34,500,935	136,445	-	-	(31,484,352)	3,153,028	-
Shares issued during the year	953,125	-	-	-	-	953,125	-
Transaction costs	(57,707)	-	-	-	-	(57,707)	-
Share based payments	-	-	-	551,200	-	551,200	-
Loss attributable to members of parent entity	-	-	-	-	(1,712,968)	(1,712,968)	-
Balance at 30 June 2006	**35,396,353**	**136,445**	**-**	**551,200**	**(33,197,320)**	**2,886,678**	**-**

	Ordinary share capital	**Capital profits reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total**	**Outside Equity interests**
	$	**$**	**$**	**$**	**$**	**$**
Consolidated entity						
Balance at 1 July 2004	33,469,250	136,445	599,872	(30,872,984)	3,332,583	2,690,827
Shares issued during the year	1,050,950	-	-	-	1,050,950	-
Capital raising costs incurred	(19,265)	-	-	-	(19,265)	-
Adjustments from translation of foreign controlled entities	-	-	508,245	-	508,245	-
Profit attributable to members of parent entity	-	-	-	793,339	793,339	-
Profit attributable to minority shareholders	-	-	-	-	-	387,262
Minority interest in reserves	-	-	-	-	-	228,028
Balance at 30 June 2005	**34,500,935**	**136,445**	**1,108,117**	**(30,079,645)**	**5,665,852**	**3,306,117**

Parent entity						
Balance at 1 July 2004	33,469,250	136,445	-	(30,966,601)	2,639,094	-
Shares issued during the year	1,050,950	-	-	-	1,050,950	-
Transaction costs	(19,265)	-	-	-	(19,265)	-
Loss attributable to members of parent entity	-	-	-	(517,751)	(517,751)	-
Balance at 30 June 2005	**34,500,935**	**136,445**	**-**	**(31,484,352)**	**3,153,028**	**-**

Key notes to and forming part of the Financial Statements for the year ended 30 June 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of GVM Metals Limited and controlled entities, and GVM Metals Limited as an individual parent entity. GVM Metals Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of GVM Metals Limited and controlled entities, and GVM Metals Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

	Consolidated Entity		**Parent Entity**	
	2006 $	**2005 $**	**2006 $**	**2005 $**
2. REVENUE				
Revenue from operating activities				
Sale of goods	31,324,714	29,402,751	-	-
Interest income	84,578	157,513	30,280	108,429
Other revenue	931,312	1,056,280	349,970	592,021
Revenue from outside operating activities				
Profit from sale of equity investments	-	366,328	-	366,328
Profit from sale of property, plant and equipment	-	17,657	-	13,455
Total revenue from ordinary activities	**32,340,604**	**31,000,529**	**380,250**	**1,080,233**

3. PROFIT (LOSS) FROM ORDINARY ACTIVITIES

(a) Profit/(Loss) from ordinary activities before tax has been arrived at after charging/(crediting) the following items:

Depreciation of:				
- office furniture, fittings & equipment	27,839	38,169	10,823	9,593
- leasehold improvements	5,220	9,420	5,220	9,420
- buildings	11,655	14,743	-	-
- motor vehicle	37,469	48,019	-	-
- plant & equipment	160,585	255,875	-	-
	242,768	**366,226**	**16,043**	**19,013**
Profit/(loss) on sale of property plant and equipment	-	17,658	-	13,455
Net foreign exchange gain/(loss)	539,096	221,491	-	-
Amount set aside to/(reversed from) provisions for:				
- employee entitlements	25,804	(198,065)	(1,041)	292
Borrowing costs - other	455,770	639,909	-	765
- related parties	213,274	264,297	-	-
Operating lease expenses	114,862	362,546	-	-

	Consolidated Entity		Parent Entity	
	2006	2005	2006	2005
	$	$	$	$
(b) Individually significant items included in profit/(loss) from ordinary activities before income tax				
Profit/(loss) on disposal of equity investments	(40,197)	366,328	(40,197)	366,32ŧ
Provision for diminution in value of Investments	(4,325)	(442,265)	(4,325)	(419,03
Share-based payments to Directors	(551,200)	-	(551,200)	-
Provision for non-recoverability of loans	-	(137,866)	-	(136,66

AIM Listing Costs	(404,335)	-	(404,335)	-

4. INCOME TAX EXPENSE AND DEFERRED TAX

a)	**Income tax expense**				
	Current tax	581,107	400,514	-	(400)
	Deferred tax	(14,375)	(76,979)	-	-
	Over provision in prior year			-	-
	Aggregate income tax expense	566,732	323,535	-	(400)
b)	**Numerical reconciliation of income tax expense to prima facie tax payable**				
	Profit /(loss) before income tax expense	333,591	1,504,135	(1,712,968)	(518,151)
	Tax at the Australian rate of 30% (2005: 30%)	100,077	451,240	(513,890)	(155,325)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
	Net loss / (gain) on sale of shares	12,059	(109,898)	12,059	(109,898)
	Provision for diminution in value	1,298	132,680	1,298	125,711
	Provision for non-recovery of loans	-	41,360	-	40,998
	Share based payments	165,360	-	165,360	-
	Sundry items	-	53,836		5,933
	Other temporary differences not brought to account	287,938	(245,683)	335,173	92,181
	Income tax expense	566,732	323,535	-	(400)
c)	**Amounts recognised directly in equity**				
	Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
	Net deferred tax – debited/ (credited) directly to equity	-	-	-	-
		-	-	-	-

Deferred tax assets

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss				
Employee benefits	36,669	26,886	-	-
Amounts recognised directly in equity	-	-	-	-
Net deferred tax assets	36,669	26,886	-	-
Movements				
Opening balance at 1 July	26,886	(50,093)	-	-
Charged to the income statement	14,375	76,979	-	-
Exchange rate movement	(4,592)	-	-	-
Closing balance at 30 June	36,669	26,886	-	-

The Company has approximately $11 million and $4.9 million in revenue and capital losses respectively brought to account as deferred tax benefits because the directors do not believe it is appropriate to rega utilisation of the tax benefits as probable.

	Consolidated Entity	
	2006	**2005**
	$	**$**
5. (LOSS) / EARNINGS PER SHARE		
Basic (loss) / profit per share (cents per share)	(2.04)	3.22
Weighted average number of ordinary shares used as the denominator	**28,795,026**	**24,607,956**

As at 30 June 2006, there were 8,075,000 (2005: 57,210,000) options outstanding over unissued capita exercisable at amounts ranging between $0.500 and $1.923 (2005: $0.923 and $1.923). Diluted EPS was not calculated for 2006 as the company incurred a loss per share. During 2005 there was no dilutive potential as the exercisable range of the options was substantially above market price.

	Consolidated Entity		Parent Entity	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**
6. RECEIVABLES				
CURRENT				
Receivable – associates	620,311	594,051	620,311	594,051
Provision for doubtful receivables – associate	(38,804)	(38,804)	(38,804)	(38,804)
Trade debtors	3,342,813	3,182,755	-	-
Other debtors	3,128,224	2,654,450	819,269	803,265
Provision for doubtful receivables – other	(677,860)	(677,860)	(677,860)	(677,860)
	6,374,684	**5,714,592**	**722,916**	**680,652**

NON CURRENT				
Amounts receivable from controlled entities	-	-	5,121,200	5,155,284
Provision for doubtful receivables	-	-	(598,548)	(598,548)
	-	-	**4,522,652**	**4,556,736**

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

7. ASSETS HELD FOR SALE (INVESTMENT IN ASSOCIATE)

Carrying value of investments at beginning of year	222,806	525,270	-	-
Disposal of shares during the year	(29,580)	-	-	-
Diminution in value of investment	-	(325,694)	-	-
Share of associate's net (loss) / profit	(98,630)	23,230	-	-
Carrying value at end of year	**94,596**	**222,806**	-	-

The Company has a 26.18% interest in SA Mineral Resources Corporation Ltd ("SAMROC"), a resourc company whose particular focus is the manufacture of manganese chemicals. It owns the rights to a manga 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 investment was previously disclosed as an Investment in Associate. GVM has announced its intention to dispose of the investment and, therefore, the investment has been reclassified as Assets Held for Sale. The share of associate's net loss represents GVM's interest in the loss incurred by Samroc from 1 July 2005 to 31 December 2005 on which date the investment was reclassified.

8. OTHER FINANCIAL ASSETS

Available for Sale Financial Assets:				
Investments:				
Shares in other corporations listed on Stock exchange at cost	89,151	429,660	1,694,703	2,280,960
Provision for diminution in value	(69,688)	(168,744)	(1,482,014)	(1,797,238)
At fair value	19,463	260,916	212,689	483,722
Shares in controlled entities at cost	-	-	11,864,731	11,423,582
Provision for diminution in value	-	-	(8,292,540)	(8,292,540)
	-	-	3,572,191	3,131,042

Shares in other corporations – at cost (1)	680,529	664,729	680,529	664,728
	699,992	**925,645**	**4,465,409**	**4,279,492**
Market value of above investments listed on a stock exchange as at 30 June 2006	19,463	260,916	212,689	483,722

(1) 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 21. The initial payment will be refunded in the event of the project not proceeding to completion.

Shares in controlled entities are carried at cost. Refer to Note 24(a)

The fair value of unlisted available for sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

	Consolidated Entity		**Parent Entity**	
	2006	**2005**	**2006**	**2005**
9. INTEREST BEARING LIABILITES				
CURRENT LIABILITIES				
Bank Overdraft	935,569	778,860	-	-
Secured Loans	764,364	715,146	-	-
Unsecured Loans	751,695	522,214	-	-
	2,451,628	**2,016,220**	-	-
NON-CURRENT LIABILITIES				
Secured Loans	1,577,292	2,440,174	-	-
Unsecured Loans	1,124,969	2,296,557	-	-
	2,702,261	**4,736,731**	-	-
Financial arrangements				
The Consolidated Entity has the access to the following lines of credit:				
General banking facility/bank overdraft	1,318,764	1,374,100	-	-
Term loan facility	3,767,897	3,926,000	-	-
Forward exchange contract facility	3,767,897	3,926,000	-	-
	8,854,558	**9,226,100**	-	-
Facilities utilised at reporting date				

Bank Overdraft	935,569	778,860	-	-
Secured Loans	2,341,656	3,155,320	-	-
	3,277,225	**3,934,180**	-	-
Facilities not utilised at reporting date				
Bank overdraft	383,195	595,240	-	-
Forward exchange contract facility	3,767,897	3,926,000	-	-
Term loan facility	1,426,241	770,680	-	-
	5,577,333	**5,291,920**	-	-

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 $1,130,369 (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 $2,825,923 (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 $542,954 (R2,882,000).

Secured Loans (ABSA Limited)

The loan is repayable in annual instalments which comprise capital and interest of $1,016,961 (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. $751,696 (R 3,990,000) is repayable on 13 December 2006

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

10. CONTRIBUTED EQUITY

(a) Issued and paid up capital

31,311,019 ordinary fully paid shares (2005: 27,498,519 ordinary fully paid shares – adjusted for share consolidation)	35,396,353	34,500,935	35,396,353	34,500,935
	35,396,353	**34,500,935**	**35,396,353**	**34,500,935**

	2006 Number	**2006 $**	**2005 Number**	**2005 $**
(b) Movements in contributed equity				
Opening Balance	274,985,189	34,500,935	239,120,188	33,469,250
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

10:1 Share consolidation	(247,486,802)	-	-	-
Revised balance post consolidation	27,498,387		-	-
Capital raising for working capital at 25 cents per share	3,812,500	953,125	-	-
Capital raising costs incurred		(57,707)		(19,265)
	31,310,887	**35,396,353**	**274,985,189**	**34,500,935**

The Company has entered into an Option Agreement whereby GVM has a call option granting it the right acquire the remaining 26% of Nimag, for the total consideration of 6.5 million shares in GVM @ 40 cents 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 6.5 million shares in GVM @ 40 cents share. The Option Agreement is subject to certain terms and conditions. The option agreement was amended during the year to take cognisance of the 10:1 share consolidation in GVM. The issuing of the GVM shares is also subject to shareholder approval.

	Consolidated Entity		**Parent Entity**	
	2006	**2005**	**2006**	**2005**
	$	**$**	**$**	**$**

11. NOTES TO THE STATEMENT OF CASHFLOWS

(a) Reconciliation of cash

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

Cash at Bank	985,333	1,806,353	78,191	188,202
Bank Overdraft	(935,569)	(778,860)	-	-
	49,764	**1,027,493**	**78,191**	**188,202**

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

Profit/(Loss) from ordinary activities after income tax	(233,141)	1,180,600	(1,712,968)	(517,751)
Add/(less) non- cash items:				
Amounts set aside (reversed from) provisions	(112,735)	(184,960)	(1,042)	292
Depreciation/amortisation of property, plant and equipment	242,768	366,226	16,043	19,013
(Profit)/loss on disposal of property, plant and equipment	-	(17,658)	-	(13,455)
(Profit)/loss on disposal of equity investments	40,197	(366,328)	40,197	(366,328)
Diminution in value of investments	4,325	442,265	4,325	419,035

Provision for non-recoverability of loans	-	137,866	-	136,660
Share of associates (profit) / loss	98,630	(23,230)	-	-
Share based payments	551,200	-	551,200	-
Change in assets and liabilities:				
(Increase) in trade debtors and other receivables	(773,506)	(386,313)	(37,704)	200,543
(Increase)/Decrease in inventory	118,023	66,834	-	-
Increase/(Decrease) in creditors	129,480	1,453,152	160,045	83,595
Increase/(Decrease) in Tax Payable, FITB, PDIT	332,993	(307,973)	(4,560)	-
Net cash provided by / (used in) operating activities	**398,234**	**2,360,481**	**(984,464)**	**(38,396)**

(c) Non-cash investing and financing activities

The Parent entity acquired certain "B" Preference shares in Nimag from minority shareholders during the year for a consideration of $441,151 of which $409,375 was settled by means of a share issue.

END

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