GOLDEN VALLEY MINES LIMITED
ABN 98 008 905 388

REPORT FOR JUNE 2004 QUARTER

NiMag Group ("NiMag")

The second quarter of the year (April - June) incorporated April as the final month in the previous NiMag Ltd accounting year, with May and June forming a "two month year" to bring NiMag (Pty) Ltd into their new accounting year 1st July - 30th June.

Most of the economic and sales predictions for the quarter came to fruition.

Sales

Recent marketing efforts have produced the following results:

1) Comparison Year on Year.

2004 June Quarter	= 90% increase in sales tonnes.
2003 June Quarter	= 118% increase in sales revenue.

2) Comparison of actual sales to May / June Budget.

Value 96.00% of Budget

Volume 90.00% of Budget.

Some production problems with Ferro Silicon Magnesium caused some June deliveries to be moved into July.

3) Gains per area vs. Previous Year in value.

a) USA - value 450% increase.

b) Germany & Central Europe - value 600% increase.

This is proof that our marketing efforts are proving worthwhile, particularly in areas where production improvements are being reported.

Obviously other areas are under pressure, most importantly UK whose foundry and steel industry using our products has all but collapsed.

4) Other Sales.

We are happy to report our first trial order of nickel magnesium alloys to Western Australian Specialty Alloys (Pty) Ltd, Perth.

Agreement has been reached to supply our Ferro Silicon Magnesium Alloys to Ford (Australia), Melbourne.

2 new accounts have commenced in USA.

Other News
The South African Rand to US$ flowed from an early April low of +-6.20 to 7.15 in May then went into a continuous hardening to 6.00 towards end of July to reach its hardest level since 1999 in early July of 5.80.

During this time the decision was taken to remain long on Dollars, thus whilst monthly management accounts reflected the hard exchange rate, actual loss of revenue was limited.

We are happy to report that since the low of 5.80 the Rand has weakened to +-6.30 and once again we have commenced cashing US$ and taking forward cover.

In an effort to capitalise on the extremely volatile world currency fluctuations, the NiMag Group has decided to commence a trading Company, probably to be named Magberg Trading (Pty) Ltd, with effect from 1st September 2004.

Personnel with vast trading experience in Metallurgical and Chemical Products has been approached to manage the operation, reporting directly to Trevor Sinclair, Group M.D.

Not only will the Division assist in procuring raw materials for NiMag production, but will also be in a position to purchase and resell products to maximise the benefits from fluctuating rates of exchange. Some report of performance should be available in the next quarter.

Future Trading
Raw material prices have remained comparatively high, however there are indications of some price weakening.
This should encourage producers to re-stock and improve sales volumes.

Economists are predicting a continuing hardening in the USA economy and their Dollar currency. If this is the case then bright future earnings in Rand denominations are forecast.

Considering the Rand and Australian Dollar tend to follow cycles in sympathy, this will also be good news for Australian Dollar earnings.

GMA Resources plc ("GMA")

During the quarter, GMA Resources plc announced results from an RC drilling program conducted over 4 phases, "the results of which confirm robustness of the Veins 8 and 9 Reef zones and also confirm the predicted areas with significant gold values.

The RC drilling program of 269 inclined holes (19,470m) was conducted by Drillcorp International Limited. Eighty three of the RC holes were drilled as pilot holes for further diamond drilling to obtain core reef intersections. This core drilling program remains in progress.

The RC chip samples were collected from drilling intervals with a length of 0.5m (reef zone) or 1.0m (routine samples). The sample processing was done according to an established sampling protocol under strict supervision at a newly established exploration sample preparation facility at Tirek.

The sample pulps as well as a suite of quality control samples consisting of 'blanks', gold standards, pulp duplicates and field pulp duplicates were exported for assaying in sealed containers to Genalysis Laboratory Services Pty Ltd in Western Australia.

The assay results of the quality control samples for this batch were audited and approved by international mining consultants RSG Global.

While the RC drilling program was completed in February 2004, the processing and analysis of RC samples will continue into September 2004. The time required for processing and assaying the samples is a function of the strict adherence to international standard quality control procedures. The Company will continue to release results from the drilling program as they become available."

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

The Company disposed of 1,350,000 GMA shares to repay debt totalling approximately A$837,000. The value of GVM's remaining shareholding in GMA as at the 30 June 2004 was approximately £536,000 (A$1.4 million).

SA Mineral Resources Corporation ("Samroc") - *GVM 30.5%*

Samroc's business activities were negatively affected by the strong performance of the South African Rand over the last two years. The Company responded to the challenges of the market place by embarking on a significant cost cutting and restructuring exercise during the last quarter, which included the introduction of new management. The Board is now confident that the new measures will significantly improve Samroc's future competitiveness and should result in profitability during the forthcoming financial year.

No exploration activities were undertaken on the Company's limited properties.

Yours sincerely

Blair E Sergeant
Company Secretary
30 July 2004

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Golden Valley Mines Limited

ABN

98 008 905 388

Quarter ended ("current quarter")

30 June 2004

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (9 months) $A'000
	Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		6,726	11,206
1.2	Payments for	(a) exploration and evaluation	-	-
		(b) development	-	-
		(c) production	(6,790)	(11,188)
		(d) administration	-	(743)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		19	44
1.5	Interest and other costs of finance paid		(142)	(184)
1.6	Income taxes paid		(50)	(50)
1.7	Other (provide details if material)		121	306
	Net Operating Cash Flows		(116)	(609)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	(4,729)	(6,210)
		(c) other fixed assets	(2)	(65)
1.9	Proceeds from sale of:	(a)prospects	-	-
		(b)equity investments	90	905
		(c)other fixed assets	-	-
1.10	Loans to other entities		-	(147)
1.11	Loans repaid by other entities		-	-
1.12	Other (provide details if material)		-	502
	Net investing cash flows		(4,641)	(5,015)
1.13	Total operating and investing cash flows (carried forward)		(4,757)	(5,624)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,757)	(5,624)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.(net)	-	730
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	4,729	4,729
1.17	Repayment of borrowings	(126)	229
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	4,603	5,687
	Net increase (decrease) in cash held	(154)	63
1.20	Cash at beginning of quarter/year to date	696	479
1.21	Exchange rate adjustments to item 1.20	56	56
1.22	**Cash at end of quarter**	598	598

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	25
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The Company settled an outstanding debt of approximately $837,000 through the off-market transfer of 1,350,000 shares held in GMA Resources plc, having a value of approximately $716,000 at the time of the transfer.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	4,195	3,656
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
	Total	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	458	1,246
5.2	Deposits at call	653	-
5.3	Bank overdraft	(513)	(550)
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	598	696

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	239,120,188	239,120,188		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	57,210,000	56,460,000	*Exercise price* **See Note 6**	*Expiry date* **See Note 6**
7.8	Issued during quarter				
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... (Company secretary) Date: 30 July 2004

Print name: Blair E Sergeant

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

6 Issued and Quoted Securities as at 30 June 2004:

Number Issued	Number Quoted	Exercise Price	Expiry Date	Lapsed Since End of quarter
56,460,000	56,460,000	$0.10	30 September 2005	-
750,000	-	$0.10	30 September 2006	-

+ See chapter 19 for defined terms.