

GVM Metals Limited
(previously, "Golden Valley Mines Limited")
(Incorporated and registered in Australia)
(Registration number ACN 008 905 388)
Share code on the JSE Limited: GVM ISIN: AU000000GVM1
Share code on the Australian Stock Exchange Limited: GVM
ISIN: AU000000GVM1
("GVM" or "the Company")

ANNOUNCEMENT REGARDING:

- PROGRESS ON THE ACQUISITION BY GVM FROM MOTJOLI RESOURCES (PROPRIETARY) LIMITED ("MOTJOLI") OF:
 - THE 51% SHAREHOLDING IN HOLFONTEIN INVESTMENTS (PROPRIETARY) LIMITED ("Holfontein Investments") NOT PRESENTLY OWNED BY GVM;
 - A 50% INTEREST IN "BAOBAB" A SOUTH AFRICAN BASED JOINT VENTURE COAL PROJECT; AND
 - A 100% INTEREST IN THREE PROSPECTING LICENSES ADJACENT TO BAOBAB IN LIMPOPO SOUTH AFRICA;(the above acquisitions being referred to jointly as "the Motjoli Acquisitions");
- THE ACQUISITION BY GVM FROM PETMIN LIMITED ("PETMIN") OF PETMIN'S 50% INTEREST IN BAOBAB (the Petmin Acquisition); AND
(the Motjoli Acquisitions and the Petmin Acquisition being referred to jointly as "the acquisitions")
- THE EXERCISE BY GVM OF ITS CALL OPTION IN NIMAG (PROPRIETARY) LIMITED ("NiMag")

1. Introduction

GVM is an Australian incorporated and Australian Stock Exchange Limited ("ASX") listed company. It secondary listed ("the Listing") on the JSE Limited ("the JSE") on 30 November 2006 in the "Resources, Mining – General Mining" sector. In conjunction with its JSE listing, a Pre-listing Statement was issued on 27 November 2006 ("the Pre-listing Statement").

The purpose of this announcement is to update shareholders on and regarding various transactions and matters referred to in the Pre-listing Statement as well as certain other more recent developments.

2. The Motjoli Acquisitions and purchase consideration

In the Pre-listing Statement, shareholders were advised that GVM had concluded in principal agreement with Motjoli, a Black Economic Empowerment owned company, in regard to the Motjoli Acquisitions.

The purchase consideration for the Motjoli Acquisitions is AU\$11.486 million and will, subject to the fulfilment of the conditions precedent referred to in paragraph 5 below, be settled by GVM through the allotment and issue, credited as fully paid, of 38 286 742 ordinary shares in GVM.

A further cash payment for the three adjacent prospecting rights will be made based on the exploration results for those specific areas at a rate of £0.01 per inferred ton according to the SAMREC code.

3. The Petmin Acquisition and purchase consideration

In a recent development, the directors are pleased to advise that GVM has reached agreement with Petmin for GVM to acquire Petmin's effective 50% interest in Baobab. The acquisition will take the form of GVM acquiring 100% of the issued share capital of Baobab Mining & Exploration (Proprietary) Limited, a subsidiary group company of Petmin.

The purchase consideration for the Petmin Acquisition is GBP2,5 million and will, subject to the fulfilment of the conditions precedent referred to in paragraph 5 below, be settled in cash through proceeds to be derived from a United Kingdom institutional capital raising in 2007.

4. The acquisitions and information thereon

Implementation of the Motjoli Acquisitions and the Petmin Acquisition will, inter alia, constitute GVM as the 100% owner of the Baobab Coal Project.

The Baobab Coal Project consists of granted prospecting rights over sixteen farms in the Soutpansberg/Mopane coal fields located within the Limpopo Province of South Africa. The farms intermingle with or adjoin farms held by Rio Tinto as part of their Chapudi Project. The total area of these farms is in excess of 23 000 Hectares, bringing GVM's total interests in the Limpopo coalfields to approximately 32 000 Hectares. Further information on the Baobab Coal Project and the three adjacent South African Prospecting Licenses will be provided to shareholders in the general meeting circular to be issued in due course to shareholders of GVM in regard to the various acquisitions.

Information on the other constituent parts of the acquisitions is as follows:

The Holfontein Coal Project

Full and detailed information on the Holfontein Coal Project, owned by Holfontein Investments, including a Competent Persons Report thereon, is contained in the Pre-listing Statement. A copy of the Pre-listing Statement may be viewed on GVM's website: www.gvm.com.au, or, may be obtained from the Company's South African representative office.

For ease of reference and information to shareholders, the following paragraphs which are not all encompassing, have been extracted from the Pre-listing Statement and replicated below:

"The Holfontein Coal Project is located on the main road between Kinross and Trichard in Mpumalanga in South Africa in the traditional coal mining area south and west of Witbank where coal mining has taken place for over one hundred years. The project represents a high grade metallurgical coal opportunity supported by a smaller amount of thermal coal identified for local consumption.

5. Conditions precedent

At the date of this announcement, the remaining conditions precedent to the Motjoli Acquisitions and the Petmin Acquisition are as follows:

- the obtaining of the requisite approvals at a general meeting of shareholders of GVM to be convened and to be held during or before 31 March 2007 for the Petmin Acquisition and 28 February 2007 for the Motjoli Acquisitions;
- the requisite approvals of the South African Reserve Bank as are applicable;
- the necessary approvals in terms of section 11 of the Mineral and Petroleum Resources Development ("MPRD") Bill of South Africa by 30 April 2007 for the Petmin Acquisition and 30 June 2007 for the Motjoli Acquisitions; and;
- the requisite approvals of the ASX as are applicable in regard to the acquisitions.

Due to the processes involved with the obtaining of MPRD approval, closure, and therefore implementation of the Motjoli Acquisitions should not be expected much before 30

June 2007. The Petmin Acquisition to be completed by 30 April 2007.

6. Motjoli and issued share capital

As reported in the Pre-listing Statement, Motjoli is owned and controlled by Mr Nchakha Moloi and Ms Nonkqubela Mazwai. Mr Moloi is also the chairman of Alexkor Limited as well as a director of a number of other organisations. Ms Mazwai is a director of the Central Energy Fund and the Strategic Fuel Fund. GVM sees its partnership with Motjoli as critical to forging a sustainable relationship with a highly credible BEE company to the benefit of both parties.

Subject to the implementation of the acquisitions and settlement of the respective purchase considerations, Motjoli will emerge as GVM's single largest shareholder having an anticipated effective 32,0% shareholding in GVM, assuming no further share issues between now and the time the consideration is issued for the Motjoli Acquisitions.

7. Financial effects of the acquisitions

Due to the numerous conditions precedent to the acquisitions as well as the uncertainty at this stage of the capital raising parameters and pricing thereof referred to in paragraph 3 above, it is not possible at this point to quantify the financial effects on earnings and asset values per share.

Accordingly, such information will form the subject of a further announcement to be published at the appropriate time.

8. General meeting circular to shareholders

A circular to shareholders of GVM in compliance with the Listings Rules of ASX convening the necessary GVM general meeting for purposes of the acquisitions is in the course of preparation by the Company's Australian Solicitors and will be posted to shareholders as soon as is practicably possible.

9. Exercise by GVM of its call option in NiMag

The Pre-listing Statement, inter alia, provided comprehensive details on NiMag, a 74% owned subsidiary company of GVM. As further explained in the Pre-listing Statement, GVM had the right to exercise a call option to acquire the 26% shareholding it did not own.

Following its successful JSE listing, the Company has exercised its call option and has acquired the outstanding 26% shareholding in NiMag for a purchase consideration of AU\$1 923 223 comprising the allotment and issue of 4 620 557 new shares at a price of AU40 cents each and the cash payment of AU\$75 000.

The listing of such shares on the ASX and the JSE has already been sought and granted.

10. Continuing reporting requirements of GVM

Being a company having listings on the ASX, AIM market in London and on the JSE, GVM is constantly required, from a continuing obligations perspective, to issue various announcements and disclosures in the differing jurisdictions in which it operates.

Such disclosure may necessarily differ in style, content and format and accordingly, all shareholders as well as prospective investors in GVM, are urged to consult GVM's website: www.gvm.com.au where all publicly released and ASX required information is replicated.

Johannesburg

14 December 2006

South African Sponsor to GVM

PricewaterhouseCoopers Corporate Finance (Pty) Limited