

Regulatory Announcement

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Prospecting right granted to GVM's Holfontein coal project

GVM Metals Limited (ticker: "GVM"), the South African mineral processing and coal mining company, today announces that Holfontein Investments (Pty) Ltd has been granted a prospecting right under section 17(1) of the Mineral and Petroleum Resources Development Act (28 of 2002) for its key coal mining asset, the Holfontein Project. GVM has a 49% joint venture interest in Holfontein Investments (Pty) Ltd.

The Holfontein Project consists of two mineable coal seams, the No 5 seam, which is a coking coal, and the No 4 Seam, which is a low-grade steam coal. GVM's December 2005 Scoping Study was based on a resource of 56 million tonnes and 22 million saleable tonnes. The Study indicates a project value of £16.6 million.

The Holfontein Project is located in the South African Witbank coal field, an established mining region responsible for the major proportion of South Africa's past coal production. The site is located two hours from Johannesburg with good infrastructure including rail, road and electricity. GVM is developing the project with its joint venture BEE partner Motjoli Pty Ltd and funding and payment obligations for the project will be the joint responsibility of GVM and Motjoli.

Commenting today, Simon Farrell, Managing Director, GVM Metals said:

"We are very excited with the grant of the licence as we can now get on with the development of the project. The next step is to complete an eighteen borehole infill program that will form the basis of the bankable feasibility study and establish a measured reserve. The budget for the program is just over one million Rand which covers drilling, logging, analyses and modelling. This program is planned to be completed by June and the feasibility study finished by August. The great beauty of Holfontein is that it is in an area where the geology is well understood, infrastructure and services are in place and key markets are nearby. "

www.gvm.com.au/

GVM Metals Limited

Simon Farrell
T: + 61 8 9322 6776

Beaumont Cornish Limited,
Nominated Adviser

Roland Cornish
T: +44 (0) 207 628 3396

Conduit PR

Leesa Peters / Abigail Singleton
T: +44(0) 20 7429 6600/ 6606
M: 0781 215 9885 / 07739 461 061
Emails: leesa@conduitpr.com /
abigail@conduitpr.com

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