
26 September 2007

G V M M E T A L S L I M I T E D

ACQUISITION OF FURTHER COAL INTERESTS IN SOUTH AFRICA

GVM Metals Limited (“GVM” or the “Company”), the Australian mineral processing and coal mining company with assets in South Africa, is pleased to announce that it has executed a Heads of Agreement to acquire 60% of the issued capital of Tshikunda Mining (Proprietary) Limited (“Tshikunda”), a company owned by Basani Investments (Proprietary) Limited (60%), and Ndilo Resources (Proprietary) Limited – which owns the Tshikunda Coal Project, a 32,000 Ha property situated between the Company’s Baobab project and Exxaro’s Tshikondeni coking coal mine.

Completion of both transactions will take GVM’s interest in the Tshikunda Coal Project to 60%.

The consideration payable to acquire Tshikunda is ZAR20 million (approximately A\$3.5 million), subject to the following suspensive conditions:

1. obtaining the necessary approvals in terms of section 11 of the Mineral and Petroleum Resources Development (“MPRD”) Bill of South Africa;
2. obtaining the requisite approvals of the South African Reserve Bank as are applicable;
3. obtaining any required approvals from the ASX.

Tshikunda Coal Project

The Tshikunda Coal Project consists of granted prospecting rights over 32,583 hectares in the Soutpansberg / Pafuri coalfields located within the Limpopo Province in the north of South Africa. The area to be acquired adjoins the Tshikondeni coal mine held by Exxaro Limited. The total area of the Tshikunda Coal Project is 32,583 Ha, bringing GVM’s total interests in the Soutpansberg coalfields to approximately 55,000 Ha. The Company holds a further 8,000 Ha as part of its Thuli coal project.

GVM have committed up to ZAR50 million (approximately A\$8.5 million) to explore the prospect to a ‘bankable’ stage. Thereafter, the parties will contribute development or capital expenditure on a *pro rata* basis.

GVM Managing Director Simon Farrell said that the acquisition was an important development in the Company’s goal of becoming a major player in the development of the Limpopo coalfields. “Whilst very limited work has been undertaken on the area in the past, it is now widely considered to be highly prospective as a significant source of hard

coking coal. What is particularly exciting is that both Rio Tinto and ourselves believe the rank of coals improve eastwards of their Chapudi and our Baobab projects and given that the value of coking coal is now roughly double that of thermal coal, the dependence of a proximate power station to get the project up and running starts to disappear.”

Authorised by:

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