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REPORT FOR THE SEPTEMBER 2007 QUARTER

Highlights

- Coal of Africa Limited was granted new order Mining Rights for portions 1 and 9 of the Mooiplaats Coal project.
- 27,000 metres of drilling were completed during the quarter on the Mooiplaats coal project increasing the total amount drilled on the project to over 55,000 metres. The results of the drilling are in line with management expectations and will be released in the current quarter.
- Exploration expenditure for the quarter was A\$1.03 million.
- A further payment of £7 million was made as part consideration for the Mooiplaats Coal Project.
- Heads of Agreement concluded to acquire 60% of the Tshikunda coal project. Tshikunda is contiguous with Exxaro Limited's Tshikondeni coal project and consists of 32k hectares located in the Pafuri coal field in South Africa.
- Nimag (Pty) Ltd's nickel magnesium alloy business experienced tougher trading conditions accompanied by increased inventories due to reduced global nickel prices and demand and generated an EBIT for the quarter of A\$418k.
- Cash balance at the end of the quarter was A\$34 million.

Commenting on the results today, Simon Farrell, Managing Director of GVM, said, 'We are pleased to announce strong progress across the Company's coal projects. Drilling at Mooiplaats will be completed in the next quarter bringing the project into the 'Measured' status and negotiations with potential off takers are at an advanced stage. The Bankable Feasibility Study at Holfontein is on track and the drilling data acquired from Exarro gives us the possibility of bringing two of the Boabab farms into production 18 months earlier than we previously thought.'

DISCUSSION OF RESULTS

Coal Activities

Mooiplaats Coal Project

(70% on completion of the Coal of Africa Limited transaction)

During the September quarter, Coal of Africa Limited was granted Mining Rights for portions 1 and 9 in terms of Section 23 of the Mineral and Petroleum Resources Development Act, encompassing some 940 hectares of the 22k hectare project. Mining on these portions is expected to commence in the 2008 calendar year.

The infill drilling programme continued at Mooiplaats during the quarter and 27,000 metres were drilled, bringing the total metres drilled on the project to over 55,000. An additional 22 holes are required to complete phases 1 and 2 of the project, bringing the whole of the area drilled to 'Measured' status in terms of the JORC/SAMREC codes. On completion of the drilling phases, an additional 28 holes will be drilled to enable water monitoring. The independent consultants' project reports on phases 1 and 2 of the drilling together with a report on mining floor and roof support requirements is expected to be finalised during the December quarter.

During the September quarter, an Environmental Rehabilitation deposit of ZAR11 million was invested in a Trust in compliance with the South African Department of Minerals and Energy requirements. The Trust will be managed by GVM and the funds used for future rehabilitation expenses incurred on completion of mining on the Mooiplaats Coal Project.

A further £7 million was paid as part of the £35.5 million payable to acquire the Mooiplaats Coal Project, leaving a balance payable of £20 million in cash and 13,333,333 shares.

Discussions with mining contractors and potential off take partners – including Eskom – continued during the quarter under review.

As a result of the recent substantial increase in the price of export thermal coal, the Company is now reviewing its earlier plans of supplying largely unwashed thermal coal to the domestic market and is now focusing on the possibility of concentrating on producing washed coals for the export market.

Holfontein Coal Project (100%)

During the September quarter, GVM engaged consultants to prepare the Mining Work Programme as well as the Social and Labour Plan. The Company also contracted independent parties to commence the application for the New Order Mining Right and to prepare the Pre-feasibility study for the mining of the Holfontein coal project.

Baobab Coal Project (100%)

East Coast Maritime (Pty) Ltd were mandated to assess railway, road and port infrastructure required for GVM's Baobab and Thuli coal projects. The study is approximately 50% complete and should be finalised in November. The preliminary report delivered to GVM was encouraging in terms of coal transport capacity and the timing thereof. Discussions with transport infrastructure participants commenced during the quarter.

Geomechanics have commenced drilling on the Baobab coal project, with two rigs drilling on the farm Fripp. The drilling programme is expected to validate exploration work previously performed by Iscor (now Exxaro Limited).

Thuli Coal Project (Limpopo) (74%)

LudikCore (Pty) Ltd have been contracted as drilling contractor for the Thuli Coal Project and will commence in October on finalisation of the drilling work programme. The data collected in the data terrain model completed earlier in the year together with drilling completed by Utah Mining in the 1980's will be used in the identification of drilling targets.

Nimag Group of Companies (100%)

The Nimag Group's profit before interest and tax for the first quarter of the 2008 financial year was ZAR2.6 million (A\$418k). The nickel magnesium business experienced tougher trading conditions in the form of thinner margins and increased working capital requirements due to depressed global nickel demand together with a strengthening of the South African rand. Nimag Group utilised over A\$5 million in working capital during the quarter to finance increased nickel inventories. The smaller Metalloy business operated well ahead of expectations contributing to the Group's profitability.

Authorised by

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