

## Regulatory Announcement

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<b>Company</b>	<a href="#">GVM Metals Ltd</a>
<b>TIDM</b>	GVM
<b>Headline</b>	Scoping Study
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GVM Metals Ltd  
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GVM METALS LIMITED  
("GVM" or "the Company")

### HOLFONTEIN SCOPING STUDY

GVM ( Ticker : GVM), the mineral processing and coal mining company announces today the results of the Holfontein Scoping Study.

#### HIGHLIGHTS

- Holfontein Coal Project contains an indicated gross in situ coal resource of 56 million tons
- The Scoping Study was based on mining of 140,000 tons per month yielding 870,000 tons of steaming coal and 420,000 tons of coking coal per annum. At today's prices this equates to an annual revenue of approximately 200 million Rand or AUS\$40 million
- The Project shows an IRR of 41% and GVM's 49% interest has a NPV of AUS\$19million using a 10% discount rate and a Rand/AUS\$ exchange rate of 5 to 1

GVM appointed BRSW Mining Consultants to carry out a Scoping Study of the Holfontein Coal Project in the Evander District of Mpumalanga, South Africa. The scope of work included selecting the seams to be mined using the most appropriate mining methods and designing a fit for purpose infrastructure

It is planned to mine 140,000 tons of coal per month, employing approximately 250 people to carry out the task. The run of mine number 4 Seam coal will be road hauled to an Eskom power station and the number 5 Seam coal will be beneficiated on site and dispatched to inland and export markets.

Commenting today, Simon Farrell, Managing Director of GVM Metals said:  
"The Board is very encouraged by the results of the study and intends progressing the Bankable Feasibility Study as soon as the new mining titles are issued. The Board has been advised by our partners Motjoli Pty Ltd that they expect to receive the new titles in either January or February of 2006."

Access to the mine will be by way of twin downcast 9degrees decline shafts. One shaft 4m x 3m for equipment and material with another 3m x 3m for a conveyor belt and personnel access. These two declines will be placed 10m apart to immediately comply with second outlet requirements.

Twin vertical shafts will be drop raised to meet ventilation requirements, one downcast and one upcast twin silos will be developed, each with a capacity of +/- 1,500 tons, to separately handle the coal from 4 Seam and 5 Seam. An inter level incline shaft at 15degrees will be raised between the two seams to allow the 4 Seam coal to be placed into the silo.

The nature of the 4 Seam dictates that a continuous miner should be the preferred method of mining the thicker areas (2.4 metres). A drill and blast section has been included as standby to handle any remnants, dykes and other areas that are lower than 2.4 metres in height. From the above combination it is anticipated to mine 70,000 tons per month.

Most of the 5 Seam in the surrounding area has been mined by using conventional drill and blast equipment in a bord and pillar mining formation. Three complete sets of equipment would be required to mine 70,000 tons per month.

#### FINANCIAL RESULTS OF STUDY : CAPITAL EXPENDITURE (Rand) -

CLIENT	WASH PLANT CONTRACTOR	MINING CONTRACTOR
73,515,000	40,000,000	150,000,000

#### OPERATING COSTS-

Operating costs have been determined to be:

4 Seam mining: R70.00 / ROM ton.

5 Seam mining: R81.00 / ROM ton.

#### MAJOR ASSUMPTIONS FOR THE BASE CASE SCOPING STUDY :

Commercial Production from mid 2007	Starting Value
Annual ROM Production tons	1,680,000
Mining Split - Seam 4 ROM	50%
Mining Split - Seam 5 ROM	50%
Yield - Seam 4	95%
Yield - Seam 5	50%
Seam 5 Discard Sales	20%
Cost Per ROM Ton (Seam 4)(1)	R 57.00
Cost Per ROM Ton (Seam 5)(1)	R 81.00
Crushing Cost (Seam 4)	R 2.00
Washing Cost (Seam 5)	R 12.00
Discard Re-treatment	R 5.00
Environmental ROM Cost	R 2.00
Site Management & H/O Costs	R 5.00
Parallel Royalty (Vendor)	R 3.92
Local Price Rand/t Seam 5	R 50.00
Local Price Rand/t Seam 4	R 75.00
RBCT Export Price US\$/t	US\$45.00
Exchange rate Rand/US\$	6.50
Exchange rate Rand/AU\$	5.00
Local Sales % Seam 5	60%
RBCT Export Sales % Seam 5	40%
Income Tax	30%
Secondary Tax	12.50%
Owners Capex Mine (Access & Ventilation Shafts)(2)	R 85,000.00
Owners Capex Plant (Infrastructure)(2)	R 29,000.00

(1)Mining, Washing & Crushing will be contracted out. These costs generated by BRSW Mining Consultants are on this basis.

(2)CAPEX for Washing Plant (R40 Million) and Mining Plant (R150 Million) funded by the contractor.

Richard Linnell, BSc. Hons (London), Chairman, is a geologist with over thirty years of experience. His early experience includes involvement in the establishment of the Delta Manganese Project (now Manganese Metal Company) and the Murray & Roberts Industrial Corporation. He was also marketing manager for the Stainless Steel division of Middelburg Steel & Alloys and general manager of the Manganese Division of Samancor, a joint venture between Billiton Plc and the Anglo American Corporation. Richard was accountable for all of Billiton's exploration and development activities in Africa and was an originator of the

Bakubung Initiative, a forum designed to revive the South African mining industry which in turn led to the establishment of the New African Mining Fund. He has read and approved the technical disclosure in this regulatory announcement.

Further information on the Scoping Study can be found on the Company's website : [www.gvm.com.au](http://www.gvm.com.au)

Contacts :

GVM METALS LIMITED

Simon Farrell, Managing Director

AUS + 61 8 9322 6776

Mobile AUS + 61 417 985 383

(Perth time zone)

In South Africa : +27 11 803 8247

Mobile : +27 828 230 615

Beaumont Cornish Limited, Nominated Adviser and Broker

Roland Cornish/Noelle Greenaway

Tel: + 44 207 628 3396

Conduit PR

Leesa Peters / Abigail Singleton

Direct: + 44 207 429 6600/ 6606

Mobiles: 0781 215 9885 / 07739 461 061

Emails: leesa@conduitpr.com / abigail@conduitpr.com

#### NOTES TO EDITORS :

GVM Metals Limited is registered in Australia (ACN 008 905 388) and has been listed on the Australian Stock Exchange ("ASX") since 1980, with the ticker "GVM". Copies of the Company's Annual Report can be found on the Company's website : [www.gvm.com.au](http://www.gvm.com.au)

#### SOUTH AFRICA:

South Africa is the Company's principal area of expansion for mining and minerals processing assets as illustrated by the recent acquisitions of NiMag and the JV of the Holfontein project. Traditionally, South Africa has been a major producer and exporter of coal. The vast bulk of this coal has been sourced from the Witbank coalfields which are now in their mature phase. Recent developments in the demand for coal have concentrated expansion efforts towards the relatively underdeveloped northern coalfields, an area of great interest to GVM. Domestic demand for coking coal is also growing rapidly as a result of expanding steel production in the face of contracting local supply

#### NIMAG :

GVM has a 74% interest in NiMag which produces a range of metal alloys and fibres. The alloys are principally used in improving the technical characteristics of cast iron and also in exotic metals used in the aeronautical industry. The Company can increase this interest to 100%

#### HOLFONTEIN :

As a result of increasing power demands in Southern Africa and the switch in South Africa from being a coking coal exporter to importer, it was felt by the Company that it should examine local opportunities. In April 2005 GVM acquired a 49% interest in a small coal mining project called 'Holfontein'. The Holfontein Coal project is a mineable coal deposit consisting 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. The recent scoping study confirms the value of the Holfontein property.

#### FUTURE EXPANSION AND ACQUISITIONS :

The Directors intend to grow the Company both organically and by acquisition especially in the coal mining sector. Largely through Chairman Richard Linnell's connections, several substantial coal properties have been identified and negotiations have commenced regarding GVM's participation. Richard Linnell, BSc. Hons (London), Chairman, is a geologist with over thirty years of experience. His early experience includes involvement in the establishment of the Delta Manganese Project (now Manganese Metal Company) and the Murray & Roberts

Industrial Corporation. He was also marketing manager for the Stainless Steel division of Middelburg Steel & Alloys and general manager of the Manganese Division of Samancor, a joint venture between Billiton Plc and the Anglo American Corporation. Richard was accountable for all of Billiton's exploration and development activities in Africa and was an originator of the Bakubung Initiative, a forum designed to revive the South African mining industry which in turn led to the establishment of the New African Mining Fund.

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