

## Regulatory Announcement

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| <b>Company</b>  | <a href="#">GVM Metals Ltd</a> |
| <b>TIDM</b>     | GVM                            |
| <b>Headline</b> | Issue of Equity - replacement  |
| <b>Released</b> | 10:32 10-Jul-06                |
| <b>Number</b>   | 9231F                          |

The following replaces the Issue of Equity announcement released today at 10.10 am under RNS number 9222F. The number of shares has been updated to 24,615,384.

### **GVM Metals Limited**

#### **Issue of Equity**

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 is proposing £3,200,000 by a placing of 24,615,384 new ordinary shares in the capital of the Company at a price of 13p (the “Placing Price”) per Ordinary Share (the “Placing Shares”), (“the Placing”). The Placing is conditional on admission of the Placing Shares to trading on the Alternative Investment Market of the London Stock Exchange (“AIM”).

#### **Background to and reasons for the Placing**

On 30 May 2006, the Company announced that it had posted a circular to shareholders convening an EGM to approve, amongst other items:

the allotment and issue of 20,812,500 Ordinary Shares at a deemed issue price of A\$0.25 each, acquire a 74% interest in Limpopo Coal Company (Proprietary) Limited; and

the allotment and issue of up to 40,000,000 Ordinary Shares pursuant to a future fundraising Company in the 3 months following the EGM.

All the resolutions of the EGM were passed on 28 June 2006.

In 2005 GVM acquired a 49% interest in the Holfontein coal project which is located in the Witbank c field in South Africa. According to a Competent Person, Dawie van Wyk, Holfontein contains an indicated resource of approximately 56 million tonnes of steaming and metallurgical coal.

With good infrastructure in place and an anticipated 20 year mine life, GVM’s future strategy at Holfontein is to complete a bankable feasibility study with its joint venture (B.E.E.) partner Motj Resources Pty Ltd.

In April 2006, the Company acquired a 74% interest in the Limpopo coal project (“Limpopo” approximately 50km north of Rio Tinto’s Chapudi Project in northern South Africa. According to a Competent Person, Gemecs (Pty) Limited, Limpopo contains an inferred resource of approximately million tonnes, again containing both steaming and metallurgical coal.

The Company’s strategy at Limpopo

is to undertake a drilling programme to validate original mining studies, to expand existing resources and to upgrade resources to the measured category.

The Placing will provide the Company with additional working capital with which to undertake the programs on Holfontein and Limpopo. It is intended that the proceeds of the Placing will be applied as follows:-

- £800,000 - balance of consideration payable for the Holfontein coal project
- £400,000 - share of Holfontein's JV costs to complete a drilling program and bankable feasibility study
- £1,200,000 - share of Holfontein's JV costs for mine development
- £400,000 - Limpopo drilling programme
- £400,000 – general working capital and costs of the issue

### Details of the Placing

The Company is proposing to raise £3,200,000 by the issue of the Placing Shares at the Placing Price. Corporate Synergy Plc, as agent for the Company, has agreed to use its reasonable endeavours to place the Placing Shares at the Placing Price with institutional and other investors, subject to the Placing Shares being admitted to trading on AIM. The Placing Price represents a discount of 3.7 per cent to the closing mid market price of 13.5p on AIM as at 6 July 2006, the most practicable date immediately prior to the release of this announcement.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing issued Ordinary Shares, and are expected to be admitted to trading on AIM on 13 July 2006.

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