

Regulatory Announcement

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Company	GVM Metals Ltd
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GVM Acquires Coal Deposit in Limpopo Province

GVM Metals Limited (ticker: "GVM"), the South African mineral processing and coal mining company, today announces that negotiations have now been completed to acquire a substantial open cut coal deposit in the Limpopo province of South Africa.

The consideration for the acquisition of a 74% interest in the permits will be satisfied by the issue of 20,812,500 GVM Metals Ltd shares. Subsequent to the issue of these shares, the total number of shares on issue in GVM will be 52,123,387. The acquisition is subject to a number of conditions including the consent of the Minister of Mines to the transfer and Shareholder approval.

The Prospecting Right acquired consists of the adjacent farms Semple, Over Vlatke, Bergen Op Zoom, and Voorspoed and cover an area of 8,662 Ha. The northern boundaries of the farms are formed by the Limpopo River and are 50 Kms east of Messina.

The existence of coal on the farms has been known since the turn of the twentieth century, although no real exploration occurred in the region until Southern Sphere Mining and Development (a division of Utah Mining) undertook a detailed exploration program in the late 1970's and early 1980's. The project was taken to a relatively high level of confidence with the drilling of cored and percussion boreholes with geophysical wireline logging, surface magnetic and gravity surveys and the mining of a bulk sample "shaft". Unfortunately in the intervening years much of the original bore hole data has been lost. It is believed that if all this data was available, the current resource would be much closer to being classified as measured. The project lost favour with the dis-investment of Utah Mining from South Africa and the sale of Southern Sphere assets in the middle 1980's, and low coal prices.

A Competent Persons Report has been prepared and is based largely on the Feasibility Study on Overlakte completed in 1983 by Southern Sphere. It has defined an inferred resource of 352 million tonnes with a life of mine strip ratio of less than 5:1 (5BCM waste to 1 tonne of coal). It should be noted that the coal seams extend into the adjoining farms and it is believed that the resource will be substantially increased in time.

Detailed analysis of 50 boreholes and a 1535 tonne bulk sample suggest a soft coking product quality product with a yield of 23%, a calorific value of 30MJ/kg, ash of 12%, fixed carbon of 51-52%, total sulphur of 1.01-1.04 % and a free swelling index of 3.0-7.0. The washing would also produce a middlings ("steaming") product with a calorific value of 23MJ/kg and Sulphur of 1%.

The project lies some 40/50 kms north of Rio Tinto's billion plus tonne Chapudi Coal Project. Rio have announced that they are in discussions with Eskom the South African power parastatal to supply coal to a new Limpopo located power station. The ability to sell the middlings/steaming coal to a proximate power station will substantially improve the economics of the project. The project is some 40 kms west of the main Zimbabwe to South Africa railway line which connects to Richards Bay and the Mozambique port of Maputo.

Simon Farrell, Managing Director of GVM Metals said:

"This is a very exciting development for GVM. Domestic demand for both coking and steaming coal has increased considerably and the export markets for coking coal remains strong. The Limpopo area is seen by many as the new coal province of South Africa and we intend to become a major part of that development. Work is progressing on our Holfontein coal project at Witbank and negotiations continue on expanding both our Limpopo and Witbank interests. The next stage of work at Limpopo is to conduct a drilling programme to further validate the original Utah Mining studies and to bring the current resources into the measured category."

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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

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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