

Mercury Recycling

Acquisition Update and Notice of General Meeting

RNS Number : 63971
Mercury Recycling Group PLC
27 July 2012

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Mercury Recycling Group Plc ("Mercury" or the "Company")

Notice of General Meeting, Posting of Admission Document, Restoration of Trading on AIM and Trading Update

On 7 March 2012, the Company announced it had entered into a conditional agreement with a wholly-owned subsidiary of Sylvania Platinum Limited ("Sylvania") and Sylvania itself for the acquisition of the Ironveld Group, which has rights to the vanadium-bearing Ti-magnetite iron ore assets of the Sylvania Group, for approximately £13.7 million. The Board of Mercury is pleased to announce that having now satisfied certain conditions in the agreement, it is seeking Shareholder approval to proceed with the Acquisition, the Placing and re-admission of the Enlarged Group to trading on AIM which is proposed to be renamed Ironveld plc.

Highlights

- Repositioning of Company as "Ironveld plc" to develop iron ore projects within the Bushveld Complex, South Africa
- Placing to raise £3.0 million to fund exploration and development work
- Proposed formation of highly experienced New Board with long standing knowledge of the Project area and in-depth capital markets experience

The Ironveld Group

The Ironveld Group has interests in Prospecting Rights in the Northern Limb of the Bushveld Complex north of Mokopane, South Africa. The Rights cover a group of seven adjacent farms, namely Cracouw, Harriets Wish, Aurora, Nonnenwerth and Kransplaats in the Capricorn District Municipality, and La Pucella and Altona in the Waterberg District Municipality, all in Limpopo Province. In total, the Rights cover an area of 165 km². The Ironveld Group intends to mine the Ti-magnetite iron ore as feedstock for its own pig iron plant.

The New Board intends that the Project should be developed rapidly with the intention to commence production in 2015, subject to receipt of the appropriate Mining Rights and securing the necessary funding. The New Board will consider other iron ore opportunities in the vicinity of the Ironveld Project, when and if they become available.

Rationale for acquisition

The Current Directors believe that the acquisition of Ironveld provides Shareholders with a significant opportunity to diversify its operations and increase shareholder value. In particular the Current Directors, who have commissioned an independent report into the Ironveld Project have identified the following characteristics of the Ironveld Project which they believe differentiates it from other opportunities within the natural resources sector and makes it is a less speculative opportunity for Shareholders whilst still retaining significant upside potential:

- a high quality resource has already been identified and independently verified;
- the potential economics of the Ironveld Project are both attractive and realistic;
- management has a credible infrastructure and logistics plan;
- a scoping study has already been completed;
- the drilling programme is well advanced; and

management is targeting an Indicated and Measured Mineral Resource over the most prospective part of the Main Magnetite Layer ("MML") within the Ironveld Project area by mid 2013 with the intention to file an application to convert Prospecting Rights to Mining Rights in mid 2013.

The consideration for the Acquisition comprises the issue of 203,022,285 New Ordinary Shares, to be issued on Completion.

Placing

The Company is also proposing to raise £3.0 million (before expenses) through the issue of 44,444,444 Placing Shares at 6.75 pence for each Placing Share. The net proceeds of the Placing together with the Group's existing cash resources will be used principally to fund the exploration and development of the Ironveld Group's iron ore assets and for the Enlarged Group's general working capital requirements.

General Meeting

In view of its size, the Acquisition will constitute a reverse takeover under the AIM Rules and will be conditional, together with the other Proposals, on the approval of Shareholders.

Each of the Current Directors and certain Shareholders have irrevocably undertaken to vote in favour of the Resolutions to be proposed at the General Meeting in respect of any Shares in which they have an interest, whether direct or indirect, totalling 21,298,743 Shares in aggregate which represents approximately 59.4 per cent of the Existing Ordinary Shares.

An admission document giving details of the proposals and incorporating a notice convening the General Meeting will be posted to Shareholders today and will be available on the Company's website www.mercuryrecycling.co.uk with effect from 7:00am today.

Consequently, the Company's ordinary shares will be restored to trading on AIM today at 07:30am.

The General Meeting will be held at the offices of Kuit Steinart Levy LLP at 3 St Mary's Parsonage, Manchester M3 2RD at 10.00am on 15 August, 2012.

Expected timetable of principal events:

	<i>Date</i>
Publication and despatch of this Document	27 July 2012
Recommencement of trading in the Existing Ordinary Shares on AIM	8.00am on 27 July 2012
Latest time and date for receipt of completed Forms of Proxy to be valid at the General Meeting	10.00 am on 13 August 2012
General Meeting	10.00 am on 15 August 2012
Completion of the Acquisition	16 August 2012
Cancellation of trading in the Existing Ordinary Shares on AIM	8.00am on 16 August 2012
Admission becomes effective and trading in the Enlarged Issued Share Capital expected to commence on AIM	8.00am on 16 August 2012
Crediting of Placing Shares in uncertificated form to CREST accounts	16 August 2012
Latest date for despatch of share certificates in respect of the Consideration Shares and the Placing Shares in certificated form	30 August 2012

Note: the above dates could change and the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service

Capitalised terms used but not defined in this announcement have the same meaning as given to them in the Admission Document.

For further information, please contact:

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Proposed acquisition of Ironveld Mauritius

Proposed placing of 44,444,444 New Ordinary Shares at 6.75 pence per share

Proposed change of name to 'Ironveld Plc'

Proposed Capital Reorganisation

Notice of General Meeting

and

Re-admission to trading on AIM

Introduction

On 7 March 2012, the Company announced it had entered into a conditional agreement with a wholly-owned subsidiary of Sylvania and Sylvania itself for the acquisition of the Ironveld Group, which has rights to the vanadium-bearing Ti-magnetite iron ore assets of the Sylvania Group, for approximately £13.7 million. Having now satisfied certain conditions in the agreement, the Board is now seeking Shareholder approval to proceed with the Acquisition, the Placing and Re-admission of the Enlarged Group to trading on AIM.

The Ironveld Group has interests in Prospecting Rights in the Northern Limb of the Bushveld Complex north of Mokopane, South Africa. The Rights cover a group of seven adjacent farms, namely Cracouw, Harriets Wish, Aurora, Nonnenwerth and Kransplaats in the Capricorn District Municipality, and La Pucella and Altona in the Waterberg District Municipality, all in Limpopo Province. In total, the Rights cover an area of 165 km². The Ironveld Group intends to mine the Ti-magnetite iron ore as feedstock for its own pig iron plant.

The consideration for the Acquisition comprises the issue of 203,022,285 New Ordinary Shares, to be issued on completion. The Seller and Sylvania will direct the Company to distribute all of the Consideration Shares to Sylvania's own shareholders, other than Sylvania Shareholders holding less than 2,000 shares in Sylvania or in certain restricted territories, such that the Sylvania Shareholders will become shareholders in the Company.

The Company is proposing to change its name to 'Ironveld plc' as part of the Proposals.

The Company is also proposing to raise £3.0 million (before expenses) through the issue of 44,444,444 Placing Shares at 6.75 pence for each Placing Share. The net proceeds of the Placing together with the Group's existing cash resources will be used principally to fund the exploration and development of the Ironveld Group's iron ore assets and for the Enlarged Group's general working capital requirements.

In addition, the Board is proposing the Capital Reorganisation. The current market price of the Company's Ordinary Shares is less than their nominal value of 10 pence each and it is therefore proposed to sub-divide and re-designate each of the Company's issued ordinary shares of 10p into and as one ordinary share of 1p and nine deferred shares of 1p.

In view of its size, the Acquisition will constitute a reverse takeover under the AIM Rules and will be conditional, together with the other Proposals, on the approval of Shareholders.

Each of the Current Directors and certain Shareholders have irrevocably undertaken to vote in favour of the Resolutions to be proposed at the GM in respect of any Shares in which they have an interest, whether direct or indirect, totalling 21,298,743 Shares in aggregate which represents approximately 59.4 per cent of the Existing Ordinary Shares.

Background to and reasons for the Acquisition

In the Company's circular to Shareholders dated 24 September 2010, in which Shareholder approval was sought for the investment in the Company by Westleigh Investments Holdings Limited, it was stated that the Company was looking at ways to diversify its business through acquisition. At this time, the board of directors indicated that it could potentially seek to identify value for Shareholders through the acquisition of businesses outside of the recycling sector. Subsequently, on 20 June 2011, it was announced that the Company was beginning to explore opportunities in the natural resource sector.

The Current Directors believe that the acquisition of Ironveld provides shareholders with a significant opportunity to diversify its operations and increase shareholder value. In particular the Current Directors, who have commissioned an independent report into the Ironveld Project have identified the following characteristics of the Ironveld Project which they believe differentiates it from other opportunities within the natural resources sector and makes it is a less speculative opportunity for Shareholders whilst still retaining significant upside potential:

- a high quality resource has already been identified and independently verified;
- the potential economics of the Ironveld Project are both attractive and realistic;
- management has a credible infrastructure and logistics plan;
- a scoping study has already been completed;
- the drilling programme is well advanced; and
- management is targeting an Indicated and Measured Mineral Resource over the most prospective part of the Main Magnetite Layer ("MML") within the Ironveld Project area by mid 2013 with the intention to file an application to convert Prospecting Rights to Mining Rights in mid 2013.

Provided the Mining Rights have been granted, the Current Directors understand that the New Board intends to undertake opencast mining of the Ti-magnetite and to use it as feedstock for the Enlarged Group's own pig iron plant, at which point a strategic partner will be sought to facilitate the necessary funding for the mining and construction of the pig iron plant.

Background on the Iron Ore Assets

Location

The Ironveld Project is situated in the Capricorn and Waterberg District Municipalities of the Limpopo Province, South Africa, approximately 80 km north of Mokopane and approximately 60 km northwest of Polokwane. The Project is located in the northern limb of the Bushveld Complex and consists of a group of seven adjacent farms, namely Cracouw 391LR, Harriets Wish 393LR, Aurora 397 LR, Nonnenwerth 421LR and Kransplaats 422LR in the Capricorn District Municipality and, La Pucella 693LR and Altona 696LR in the Waterberg District Municipality.

History

The Northern Lobe of the Bushveld Complex has a strike length of about 110 km and has long been known and exploited for its platinum-rich Platreef but the massive and disseminated Ti-magnetite layers, although well documented from the Eastern and Western Bushveld Lobes, received relatively little attention. The first detailed investigations were carried out in the 1970s and included mapping, ground geophysics, trenching and limited drilling in an area 20 km north of Mokopane.

The early work in the 1970s and subsequent exploration in the past decade in the Northern Lobe focussed mainly on the Main Magnetite Layer ("MML") because of its high vanadium content. The MML contains about 1.6 per cent. V₂O₅; it has been mined at the Mapochs Mine in the Eastern Bushveld since the 1950s and is processed at the Steelworks (EVRAZ-owned Highveld Steel & Vanadium) at Emalahleni (formerly known as Witbank) into vanadium, pig iron and steel products.

The strong global demand for iron ore has prompted a shift towards exploring various other Ti-magnetite layers as a potential source for pig iron rather than vanadium.

Geology

The Project area is situated within the Northern Lobe of the Bushveld Complex and covers the top portion of the Main Zone and parts of the Upper Zone of the Bushveld Complex. The latter is approximately 1,200 m thick and dips between 20° and 50° to the west. The Upper Zone is characterised by the presence of vanadiferous titanomagnetite ("VTM") layers hosted predominantly by leucocratic VTM-enriched gabbros and gabbro-norites. The VTM layers include disseminated, semi-massive and massive VTM intervals of variable proportions and thicknesses.

The Upper Zone consists of numerous cyclic units of alternating and well-layered rocks and is subdivided into three Subzones based on the presence of modal olivine in rocks of Subzone B and modal apatite in the uppermost Subzone C. The rocks show remarkable continuity and individual layers can generally be traced along strike for tens of kilometres and more.

Exploration has focussed on the semi-massive to massive MML and the gabbroic footwall rocks which contain considerable quantities of medium- to coarse-grained disseminated Ti-magnetite.

The MML occurs near the base of the Upper Zone and consists of an upper VTM-rich layer (MAG 3) which is separated from a lower VTM-rich layer (MAG 4) by a VTM-poorer leucogabbro-norite parting. The MML was intersected on the farm Nonnenwerth in 14 vertical boreholes on 7 drill fences which were spaced perpendicular to the north-south strike directions at approximately 1000 m intervals. Based on structural interpretations the MML on Nonnenwerth has been sub-divided into a northern and southern block which have a strike length of 1250 m and approximately 5500 m, respectively.

Average true widths of the massive portion of the MML (MAG3, parting and MAG4) are 5.2 m in the southern block and 7.2 m in the northern sector. The entire mineralised interval, including the VTM-enriched footwall unit has a calculated true width of 9.2 m in the southern part and 10.5 m in the northern block. The mineralisation dips between 22° and 37°W (average of 34°W) in the southern block and 57°W in the northern sector.

Local Resources and Infrastructure

The project area is approximately 300 km NNE of Johannesburg and easily accessible through a tarred road network. The closest railway link is at Polokwane (approximately 60 km southeast of the Project area) on the main line south to Johannesburg and other major centres. Water resources include groundwater and a river network of which the perennial Mogalakwena River forms the major river within the project area, being the only perennial river in the Blouberg Local Municipality. Electricity can be supplied through the parastatal power supply company Eskom.

Recent Exploratory Work and Current Mineral Resource Estimate

The exploration programme has been outsourced to The MSA Group, who are contracted by Ironveld to manage the field activities. The current exploration programme has been subdivided into two phases and was undertaken between August 2011 and March 2012. The drill programme, which comprises phase two, is ongoing and follows a results driven approach which is standard practice for early stage exploration projects. The drilling is outsourced to Geoserve (Pty) Ltd, a well known drilling contractor based in Johannesburg and is overseen by The MSA Group.

A total of 2,477.69 m was drilled during the 2011-2012 drilling campaign in 38 diamond drillholes on the farms Cracouw, Nonnenwerth, La Pucella and Altona. Only the 18 holes drilled on Nonnenwerth were included in the Mineral Resource estimate while the remaining holes await detailed logging and sampling for geochemical analyses.

Mineral Resource estimations on Nonnenwerth were undertaken on the MML down to a vertical depth of 120 m, at a 30 per cent. Fe cut-off for the combined northern and southern structural blocks. The Mineral Resource extends over a strike length of 6.8 km, is open-ended to the north and south and has been separately calculated for the massive Ti-magnetite layers i.e. MAG3, parting and MAG4 (= MML) and for the MML including the disseminated Ti-magnetite mineralisation in the footwall (= MML and FW).

MML Combined In-situ Inferred Mineral Resources, on Nonnenwerth <120 m at 30% Fe cut-off:

<i>Cut Off</i>	<i>Million</i>	<i>SG</i>	<i>Fe</i>	<i>Fe₂O₃</i>	<i>Fe Metal</i>	<i>TiO₂</i>	<i>V₂O₅</i>	<i>SiO₂</i>	<i>P₂O₅</i>	<i>S</i>
<i>Fe%</i>	<i>Tonnes</i>	<i>g/cm³</i>	<i>%</i>	<i>%</i>	<i>Mil Tons</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
30	21.69	4.03	42.5	60.8	9.22	13.1	1	11.1	0.01	0.10

MML and FW Combined In-situ Inferred Mineral Resources on Nonnenwerth, <120 m at 30% Fe cut-off:

<i>Cut Off</i>	<i>Million</i>	<i>SG</i>	<i>Fe</i>	<i>Fe₂O₃</i>	<i>Fe Metal</i>	<i>TiO₂</i>	<i>V₂O₅</i>	<i>SiO₂</i>	<i>P₂O₅</i>	<i>S</i>
<i>Fe%</i>	<i>Tonnes</i>	<i>g/cm³</i>	<i>%</i>	<i>%</i>	<i>Mil Tons</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
30	32.90	3.68	34.8	49.8	11.46	9.8	0.8	19.6	0.10	0.10

Future Strategy of the Enlarged Group

The New Board intends that the Project should be developed rapidly with the intention to commence production in 2015, subject to receipt of the appropriate Mining Rights and securing the necessary funding. The New Board will consider other iron ore opportunities in the vicinity of the Ironveld Project, when and if they become available.

In so far as the Enlarged Group's recycling business is concerned, the intention is to operate and develop it as a standalone business. It is currently a leading recycler of fluorescent tubes, street lighting and other discharge lamp types and has recently expanded its operations to include the collection, sorting and export of batteries for recycling. These activities should provide a useful contribution to cash flow and corporate overheads of the Enlarged Group.

Current trading

The results for the year to December 2011 were announced on 1 June 2012. They have been adversely impacted by a number of one off costs including the establishment of a new battery processing line, proposed acquisition costs and a container write down. Since the year end, there has been a reduction of approximately 11 per cent. in volumes processed in the lamp recycling business over the comparable period last year. 60 per cent. of this reduction relates to one customer who has advised the Company that this is a timing difference and should reverse in the latter half of the year. In February 2012 the Group was granted the necessary permits to process and export batteries and new revenue from this new operation commenced in July.

Details of the Placing and Re-admission

The Company is proposing to raise £3.0 million (before expenses) through the issue of 44,444,444 Placing Shares at 6.75 pence for each Placing Share. The net proceeds of the Placing together with the Company's existing cash resources will be used principally to fund the development of the Enlarged Group's iron ore assets and for general working capital requirements.

Giles Clarke and Nicholas Harrison are directors and shareholders of Westleigh Investments Holdings Limited, which is subscribing for 3,703,704 Placing Shares at 6.75 pence per Placing Share. In addition, Giles Clarke is subscribing for a further 740,740 Placing Shares at 6.75 pence per Placing Share. Giles Clarke and Nicholas Harrison are considered related parties for the purposes of Rule 13 of the AIM Rules. The independent directors of Mercury, being Lord Barnett and Bryan Neill, having consulted with Shore Capital and Corporate Limited, the Company's nominated adviser, consider the terms of the Placing to be fair and reasonable insofar as shareholders are concerned.

Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Issued Share Capital will commence at 8.00 a.m. on 16 August 2012.

Details of the Consideration Shares and Placing Shares

The Consideration Shares will be issued fully paid and will, in aggregate, represent approximately 71.1 per cent. of the Enlarged Issued Share Capital. The Placing Shares will be issued fully paid and will, in aggregate, represent approximately 15.6 per cent. of the Enlarged Issued Share Capital. The market capitalisation of the Enlarged Issued Share Capital at the Placing Price will be approximately £19.3 million.

Upon Re-admission, the Current Directors will hold, in aggregate, 13,330,660 New Ordinary Shares (representing approximately 4.7 per cent. of the Enlarged Issued Share Capital).

The New Ordinary Shares to be issued under the Placing and as consideration for the Acquisition will, on Re-admission, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid in respect of the ordinary share capital of the Company.

Board changes

On Re-admission, Lord Barnett and Bryan Neill will be resigning from the Board, although they will remain as directors of Mercury Recycling Limited, with Bryan Neill as Managing Director and Lord Barnett as Non-Executive Chairman. Giles Clarke will become non-executive chairman of the Company. It is proposed that Dr Peter Cox (CEO of the Ironveld Group) and Terence McConnachie (CEO of Sylvania) will be appointed as directors of the Company. In addition, the New Board intends to appoint another independent non-executive director as soon as practicable following Admission.

Dr Peter John Cox (aged 58), Chief Executive

Dr Cox started his career in the mining industry 30 years ago as a learner surveyor. After studying mining engineering as a JCI bursar, he worked for that company in various positions at gold and platinum mines,

ending as a senior section manager. In 1987, he joined a privately owned mining and exploration company, Severin Southern Sphere Mining, as consulting engineer and general manager. Since mid-1991 he has been the managing director of Goldline Global Consulting (Pty) Ltd, an engineering consulting company which serves the mining industry worldwide. He holds a Mine Surveyor's and a Mine Manager's Certificate of Competency. He has a number of achievements to his name, including being the youngest certificated surveyor in South African mining history and designing the country's narrow reef opencast mining method.

Terence Michael McConnachie (aged 56), Non-Executive Director

Mr McConnachie has over 25 years of experience in mining, beneficiation of ferroalloys and precious metals. He was the founder of Merafe Resources Limited (formerly South African Chrome & Alloys Limited), a successful chrome mining company, black empowered and listed on the Johannesburg Stock Exchange. He has started many new green-field operations in gold, manganese, aluminium, graphite and tantalite. He has been CEO of a number of mining, mining services and smelting companies in South Africa.

Capital Reorganisation

The mid-market share price of the Company's existing issued ordinary shares of 10p each was 6.75p per share as at 7 March 2012 (the date trading in the Company's Shares was suspended on AIM). Since the Company is prohibited by the Act from issuing Shares at a discount to their nominal value, the Company is restricted in its ability to raise funds as envisaged pursuant to the Placing. It is therefore proposed to subdivide and re-designate each of the Company's issued ordinary shares of 10p into one New Ordinary Share of 1p and nine deferred shares of 1p each.

The Deferred Shares will effectively be valueless as they will not have any voting rights and will have negligible rights as to dividends and on a return of capital. They will not be listed on AIM or on any stock exchange and will not be freely transferable. No share certificates will be issued in respect of the Deferred Shares. One of the provisions attaching to the Deferred Shares will allow the Directors to effect the transfer of all of the Deferred Shares to a custodian for no consideration. In due course, the Directors may arrange for the Company to effect a re-purchase of the Deferred Shares, for a consideration of 1p for all of the Deferred Shares in issue, subject to due compliance with relevant legislation.

Loan Facility

Mercury and Sylvania have entered into a facility agreement whereby Sylvania (through its South African subsidiary, Sylvania Metals Pty Ltd) will provide a loan facility of up to ZAR 15 million to Ironveld Holdings Pty Ltd, the company which holds the Iron Ore Assets. Mercury has guaranteed all obligations of Ironveld under the Loan Facility. The funds to be made available under the Loan Facility will be used to further fund the development of the Iron Ore Assets. The Loan Facility will mature on 30 June 2016, at which time the amount utilised under the Loan Facility (and all accrued interest) will need to be repaid. As security for the amount due under the Loan Facility, Mercury will issue to Sylvania Platinum, warrants to subscribe for up to £1.5 million of ordinary shares in Mercury at a price equal to the 90 day VWAP on the business day preceding exercise. The Warrants are exercisable only if the Loan Facility is not fully repaid by 30 June 2016 and may be exercised up until the date which is 5 years from Admission (although the Warrants will lapse once repayment has been made). Any proceeds derived from exercise of the Warrants will be used by Mercury to repay the Loan Facility. For so long as any amount remains owing under the Loan Facility, Sylvania has the right to appoint a director to the board of Mercury.

Lock-In and Orderly Market Undertakings

As the Ironveld Group's business had not been independent and earning revenue for at least two years before the anticipated date for Admission, Rule 7 of the AIM Rules applies and accordingly each of the Current Directors (other than Bryan Neill) and the Proposed Directors have agreed that they will not (save in certain specific circumstances) dispose of any Shares for a period of twelve months following Admission and, thereafter, for a further twelve months each of the Current Directors (other than Lord Barnett and Bryan

Neill) and the Proposed Directors have agreed to only dispose of Shares through Shore Capital in an orderly manner. In addition, also in accordance with AIM Rule 7, Africa Asia Capital Limited has agreed with Shore Capital and the Company that they will not (save in certain specific circumstances) dispose of any Shares for a period of twelve months following Admission.

General Meeting

The Acquisition constitutes a 'reverse takeover' pursuant to the AIM Rules and completion of the Acquisition Agreement is therefore conditional upon the approval of Shareholders. An admission document containing a notice convening the General Meeting which will be held at the offices of Kuit Steinart Levy LLP at 3 St Mary's Parsonage, Manchester M3 2RD at 10.00am on 15 August 2012 will be sent to Shareholders later today and is available on the Company's website, www.mercuryrecycling.co.uk. At the General Meeting, resolutions will be proposed to:

1. approve the Acquisition for the purposes of the AIM Rules;
2. authorise the Directors to issue and allot equity securities pursuant to section 551 of the Act up to an aggregate nominal amount of £428,368;
3. approve the Capital Reorganisation;
4. approve the LTIP;
5. disapply the statutory pre-emption rights of Shareholders in accordance with section 570, 571 and 573 of the Act in order to, inter alia, facilitate the issue of the Consideration Shares, the Placing Shares, the Warrants, the Adviser Shares and the issue of shares up to an aggregate nominal amount of £4,425,882;
6. change the name of the Company to 'Ironveld plc'; and
7. adopt the Articles to include, inter alia, the rights attaching to the Deferred Shares.

Admission to AIM and dealings

On 7 March 2012, the Company announced it had entered into the conditional Acquisition Agreement. As the Acquisition constitutes a 'reverse takeover' pursuant to the AIM Rules, in accordance with the AIM Rules, trading in the Company's shares on AIM was suspended with effect from 1.00 p.m. on that day, pending publication of an admission document.

If Shareholders approve the Acquisition at the GM, it is expected that admission of the Company's Existing Issued Shares to trading on AIM will be cancelled as from 8.00 a.m. on 16 August 2012. However, application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be re-admitted to trading on AIM. It is expected that Re-admission will become effective and trading in the Company's shares on AIM will re-commence at 8.00 a.m. on 16 August 2012.

Irrevocable Undertakings to approve the Proposals

Each of the Current Directors (or companies in which they are interested) as well as certain Shareholders have irrevocably undertaken to vote in favour of the Resolutions to be proposed at the GM in respect of any Shares in which they have an interest, whether direct or indirect, totalling 21,298,743 Shares in aggregate which represents approximately 59.4 per cent of the Existing Ordinary Shares. Further details of the Irrevocable

Recommendation

The Current Directors unanimously believe that the Proposals are in the best interests of the Company and its Shareholders and recommend Shareholders to vote in favour of the Resolutions, as they have undertaken to do in respect of their aggregate beneficial shareholding of 8,886,216 Shares, equivalent to 24.80 per cent. of the Existing Ordinary Shares.

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The company news service from the London Stock Exchange

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