

Stock Data

Share Price:	0.35p
Market Cap:	£5.30m*
Shares in issue:	1,513m*
52-week high/low:	1.40/0.30p

*Post Admission of firm Placing

Company Profile

Sector:	Mining
Ticker:	IRON
Exchange:	AIM

Activities

Ironveld plc ('Ironveld' or 'the Group') is the owner of mining rights over approximately 28 kilometres of outcropping Bushveld magnetite with a JORC compliant ore resource of some 56 million tons of ore grading 1.12% V₂O₅, 68.6% Fe₂O₃ and 14.7% TiO₂.

www.ironveld.com/

5-year share price performance



Source: [LSE](https://www.lse.com/)

Past performance is not an indication of future performance.

Turner Pope contact details

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

Andrew Thacker
Corporate Broking & Sales

Barry Gibb
Research Analyst

TPI acts as joint broker to Ironveld plc.

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Ironveld

Ironveld has raised £4.0 million (gross) through a conditional equity placing ('the Placing') priced at 0.3p/share ('the Fundraising') to finance the acquisition ('the Acquisition') and development of an existing 7.5MW smelter complex, currently in business rescue, from its sole creditor plus associated working capital. In addition, a Broker Option to raise a maximum of £1.0m, which also remains subject to shareholder approval, has been arranged through TPI to enable existing shareholders to participate in the fundraising on the same terms as the Placing. The Broker Option will be open for 48 hours following the release of today's announcement, for which qualifying investors should communicate their interest direct to their TPI contact, or otherwise via an authorised market counterpart. A General Meeting ('GM') to propose resolutions ('the Resolutions') required to enable completion of the Placing, the issue of the Broker Option Shares and other instruments, is due to be convened on 1 August 2022.

Secured on highly attractive terms, the 100% purchase of Ferrochrome Furnaces (Pty) Limited ('FCF') in Rustenburg, South Africa, presents opportunity to substantially de-risk the Group's potentially world-class high purity iron, vanadium and titanium project in the Bushveld ('the Project'), while bringing forward production and leading to early generation of cash flows. The net funds raised will cover the asset's total purchase price, plus refurbishment capex (including contingency). With three furnaces projected to come on stream within just 6 to 9 months, this potentially transformative acquisition positions the Group to fast-track generation of first revenue through already existing offtake/sales agreements one year or less post acquisition. Providing a demonstration platform capable of securing initial production/commercial sales, this represents just the first of three expansion phases proposed by the Board capable of multiplying output from the Project's very large resource. While the £5.6m strategic investment in Ironveld originally proposed by Grosvenor Resources Pty Limited ('Grosvenor') back on 22 October 2021 now looks likely to fall outside FCF Exclusivity Period due to delays in its securing the necessary funds, the door nevertheless remains open for continued negotiations to help fulfil the Group's medium/longer term ambitions, albeit now presumably on more advantageous terms. Ironveld now appears positioned to become cash generative within the Project's first year of production.

Conditional Equity Placing plus Broker Option to raise up to £5.0m

Ironveld is undertaking an equity fundraising for total gross proceeds of £5.0m (assuming the maximum Broker Option amount is issued), comprised of a firm Placing for £0.36m and a conditional Placing for £3.64m. Subject to completion of the Fundraising, the Group's Bushveld Project will be fully funded through to production and sales. Issued under existing headroom, 120m firm Placing shares are expected to be Admitted to trading on AIM on or around 18 July 2022; the balance of the Placing plus the Broker Option Shares, which are being affected by way of a cash box placing, are expected to be Admitted to trading on or around 2 August 2022 conditional on shareholders passing the Resolutions

Directors' participation is to be through £350,590 of loans and gross accrued fees being capitalised in shares ('Capitalisation Shares'), of which c.94% are being issued at the Placing price, with the balance at 0.86p being the volume weighted average price ('VWAP') during the time at which the relevant salary was deferred, as announced on 27 November 2020. Giles Clarke, Nick Harrison, and Martin Eales have also agreed to subscribe for £100,000 cash in the Conditional Placing, divided equally between them.

The oversubscribed Placing was supported by a range of new and existing institutional investors, family offices and other investors, being conducted by TPI acting as sole broker. Beyond this, Ironveld has also granted an option to TPI under the Placing Agreement in order to deal with additional requests to participate in the Placing from existing qualifying shareholders that are received during the period of 48 hours following the release of today's announcement. Assuming the Broker Option is fully subscribed, the Placing and Broker Option combined would result in the issuance of c.55.5% of the Group's enlarged issued ordinary share capital (excluding the Capitalisation Shares). To participate in the Broker Option, which remains conditional on the Resolutions being passed at the GM, such investors should communicate their interest directly to their regular TPI contact, or via their independent financial adviser, stockbroker or other firm authorised by the Financial Conduct Authority (all of whom will be required to confirm to TPI that their client is an existing shareholder), as TPI cannot take direct orders from individual private investors.

Ironveld Placing - Proposed Use of Proceeds ¹	ZAR m	£ m ²
Initial purchase consideration for FCF	15.00	0.75
Planned refurbishment expenditure over 9 months (incl. contingencies)	40.00	2.00
Working capital, including mine establishment costs, deal fees		2.25
Total Gross Funding		5.00

¹Assuming maximum Broker Option amount is issued ²£1=ZAR19.9

Source: Ironveld, [RNS of 13 July 2022](#)

Shareholder requisition notice

On 29 June 2022, Ironveld announced that it had received a requisition notice (the "Requisition Notice") from a Mr. Richard Jennings, director of Align Research Ltd, pursuant to section 303 of the Companies Act 2006, requiring its Board to convene a general meeting of shareholders for the purposes of considering ordinary resolutions for the removal of both the Group's Chairman and Chief Executive Officer.

Ironveld's Board has confirmed that in connection with the Requisition Notice it will act in accordance with the Act and communicate its view to shareholders concerning the resolutions in due course, but has today set out below various reasons why it believes that the Placing is in the Group's best interests. These include, *certainty of timing*, having commenced a bookbuild for the Placing on 24 June 2022 to ensure that all necessary funds would be obtained within the Exclusivity Period; *certainty of quantum*, in that no other funding route available at the time the Placing was undertaken (including offers of funding from Mr Jennings), provided sufficient funds to meet the Company's requirements and; an *appropriate mix of equity and debt*, in that the acquisition terms for the FCF smelter include the purchase of ZAR 100 million (approximately £5.0 million) of debt from the sole creditor to FCF. Importantly this is only secured on the smelter itself. Given Ironveld's market capitalisation the Board considers it imprudent to enter into materially more debt at the present time. It went on to note that other offers of funding it had received (including those from Mr Jennings) included high proportions of debt with onerous terms that would have to be repaid at the end of their term either in cash or shares at the prevailing price (which could be lower than today), and typically with the requirement to also award extremely high levels of warrants with no fixed floor price.

In today's announcement Ironveld's Board also details its opinion that in the absence of Mr Jennings's actions whereby his GM requisition and the existence of the Placing had to be announced on 29 June 2022, it would be reasonable to say that the Placing may have been completed at a significantly higher price given the 'undisturbed' mid-market price for the Company's shares on 28 June 2022 was 0.70p.

Purchase terms agreed for FCF from sole creditor

FCF owns a former ferrochrome smelter complex that entered Business Rescue in 2019. Through Business Rescue Practitioners, Tayfin Forensic and Investigative Auditors, the Group's 74%-owned Ironveld Smelting (Pty) Ltd. has agreed terms with the sole creditor to acquire 100% of the asset on the following terms:

- Acquire 100% of FCF's share capital for a nominal fee;
- ZAR 15 million (approximately £0.75 million) payable to the sole creditor upon completion; and
- ZAR 100 million (approximately £5.0 million) paid to the sole creditor over 10 years, being calculated as a percentage of profits from the smelter, capped at 13.5 per cent per annum.

The Acquisition, which was announced on 24 May 2022, remains subject to final contract and certain other conditions precedent; Ironveld retains deal exclusivity until 19 August 2022 (the ‘Exclusivity Period’). It is anticipated that, subject to, inter alia, the Resolutions being passed and signing of final contracts with Tayfin, the Acquisition will complete in late August 2022.

The smelter complex comprises four mothballed 2.5 MW Electric Arc Furnaces (‘EAFs’) and associated converters, of which Ironveld plans to refurbish three during the upgrade works thereby allowing for 7.5 MW capacity, capable of processing approximately 40,000 tonnes of the mine’s magnetite ore per annum. The fourth EAF will be held in reserve for future refurbishment, with the potential of increasing total processing capacity or for outsourcing; FCF’s refurbishment, which is expected to enable the smelter to generate three separate economic streams of revenue, has been budgeted at ZAR 40 million (approximately £2.0 million) to provide:

- Production ready smelting plant with 3 furnaces totalling 7.5 MW (with 1 spare furnace ready for future use);
- Short commissioning eliminates construction risk, enabling fast-track to sales of all processed production in 9 to 12 months from acquisition.

Location of the Project’s Mining Area and FCF Smelter

- Ore to be cost effectively trucked c 400km to FCF Facility
- 3 furnaces at 7.5MW throughput requires <4,000tpm mined ore



- FCF footprint = 5.9 Ha
 - Land value approximately ZAR 10 million
 - Insurance valuation approx. ZAR 600 million (£30m)
 - Room for extensive solar provision and expansion if required
- High Purity Iron, Vanadium & Titanium Project**

Source: Ironveld, Investor Presentation June 2022



Further planned upgrades to the smelter, prospectively costing a further ZAR 25 million (c.£1.2m), for high purity iron powder production remains on the table for when cashflows allow, which will enable upgrading of the high purity iron product to higher value powder form. Comprehensive diligence and upgrade planning has been undertaken, with no environmental issues established. The site’s acquisition price appears to be supported by its installed infrastructure plus 5.9Ha land value alone. Ironveld has been advised by its insurance brokers and technical consultants to insure the facility for at least ZAR600 million (approximately £30 million) following completion of the transaction.

The smelter complex is currently supplied with electricity from the national grid. Emphasising its Environmental Social Governance (‘ESG’) credentials, however, Ironveld has signed a Letter of Intent (‘LoI’) with Enernet Global Inc., the international distributor of tailored energy solutions, to build, own, operate and maintain a hybrid power plant using renewable energy (including solar, battery storage and thermal generation that will scale over time to ensure at least 50% of all consumption at each stage), which will provide it with security of power supply on a capex-free basis. Furthermore, its use in final products, including vanadium redox/other batteries and 3D printing in industries such as transport/renewable energy, are key constituents for markets that make up the expanding green economy.

Mined ore can be cost-effectively trucked the c.400km from the Bushveld complex to FCF facility smelter gate. Following refurbishment of the smelter facility, Ironveld will be able to produce and sell its key products (high purity iron, vanadium in slag and titanium in slag), through its existing offtake contracts (including a formal 5-year contract that has been secured with Glencore (LSE: GLEN) for all vanadium slag production commencing from the start of commercial production, linked to index-based prices.) or marketing agreements. First sales are anticipated within 12 months of completion of the Acquisition.

Three separate phases of commercial expansion provide route to early cash flow

All necessary environmental and other operational permits are in place for the smelter complex to enable Ironveld to rapidly move toward production. Management intends to use mining contractors on site to minimise capex/related start-up costs, while also using community-based transportation companies to transport ore from the mine to the smelter complex. With high local availability of experienced staff for other ancillary works, the Group's Bushveld project is expected to create a total of 140 new jobs within the first 12 months of operation. Agreements with local trucking contractors are already in place with indicative costs to transport from mine gate to smelter (c.400km) put at less than US\$50/tonne. Total mine establishment and commissioning costs (including all social commitments) are estimated to be up to ZAR 5 million (<US\$320,000).

Ironveld will be able to produce and sell its key products (high purity iron, vanadium in slag and titanium in slag), through its existing offtake contracts (including a formal 5-year contract that has been secured with Glencore (LSE: GLEN) for all vanadium slag production commencing from the start of commercial production, with pricing based on global spot prices.) or marketing agreements. First sales are anticipated within 12 months of completion of the Acquisition.

Based on delivery of 40,000 tonnes of ore per annum (<4,000tpm ROM), the smelter is expected to provide the following approximate quantities of finished products per annum: 20,000 tonnes of high purity iron ('HPI', price range US\$900 to US\$1,000/tonne)/HPI Powder (price range US\$1,300 to US\$1,500/tonne); 190 tonnes of vanadium in slag (price range US\$5,000-US\$5,300/tonne); and 3,800 tonnes of titanium in slag (price range US\$200-\$300/tonne). This equates to an annualised run rate of US\$27 million to US\$32 million once the facility is producing and selling iron powders. Given the expected short commissioning and preparation time required, ore stockpiling is likely to commence within 6 weeks whilst the furnace refurbishment is taking place. Estimated operational expenditure ('opex') for High Purity Iron production is comfortably below selling prices, while revenues from the Vanadium and Titanium slag of c US\$2 million per annum would flow straight to bottom line given their effective zero production cost. Sales Contracts, Approved Supplier or Marketing Agreements are already in place for final output of HPI, HPI Powders, Vanadium Slag offtake and Titanium Slag offtake with a number of senior counterparts and well-known international traders.

While the existing smelter provides a foundation for building a larger scaled-up production facility, the acquired site offers only limited space for expansion. The Board has therefore indicated three separate phases of commercial expansion as detailed below:

PHASE 1 - The readymade 7.5MW capacity FCF smelter provides a platform for organic growth via demonstration of initial production and sales;

PHASE 2 - Able to scale the initial project to construct a new 15MW+ smelter located next to the mining area, trebling production. Capex costs (estimated at c.US\$56 million), lenders subject to being satisfied with PHASE 1 proof of concept ('PoC');

PHASE 3 - Long term objective to add four 75 MW smelters to process the large resource at the Project.

Ironveld's High Purity Iron, Vanadium and Titanium project

Ironveld's mining focus is on its high purity iron, vanadium and titanium project located on the northern limb of the Bushveld complex in Limpopo, South Africa. Bushveld is a known metallogenic province covering approx. 66,000km², which hosts various mineral deposits, including platinum group metals, Vanadium, Chrome, Palladium and Rhodium. The Project has the potential to become a vertically integrated vanadium mining and processing business serving the increasing demand for vanadium in steel alloys and vanadium redox batteries.

The Group retains unencumbered rights to:

- 80 million tonnes of magnetite ore - the JORC compliant mineral resources demonstrates that it holds 1.6 billion pounds of Vanadium, the equivalent to four times annual global demand.
- 32 million tons of 99.5% ('High Purity Iron', 'HPI') in situ.
- 9 million tonnes of Titanium.

The Project's 8 April 2013 JORC-compliant mineral resource provided the foundation for a subsequent Definitive Feasibility Study ('DFS') which was published on 23 April 2014. This confirmed its potential to deliver an exceptionally high-grade iron product at 99.5% Fe HPI which typically trades at a premium price in the market. The 56.4Mt ore grading at 1.12% Vanadium Oxide ('V₂O₅') represented almost twice the grade of other Vanadium resources that are currently being mined and processed within the Bushveld Complex.

Ironveld plc – Unique, Undeveloped Polymetallic Project in South Africa's Bushveld Complex



Source: Ironveld, Investor Presentation June 2022

Ironveld's High Purity Iron, Vanadium & Titanium Project

Products – Supplying Growing Demand Markets

PRODUCT*	CURRENT PRICING**	USES
HIGH PURITY IRON POWDER 20,000 tpa	\$1,300-\$1,500/t	<ul style="list-style-type: none"> • Sintered components in vehicles, power tools and white goods using Powdered Metallurgy ("PM"): <ul style="list-style-type: none"> • Vehicles have 10kg - 27kg of PM components • PM manufacturing is quicker, more efficient • Other uses – soft magnetic components, welding rods, pharmaceuticals, chemicals, printing, filtration and surface coating
VANADIUM IN SLAG 190 tpa	\$5,000-5,300/t	<ul style="list-style-type: none"> • Steel additive to increase strength, toughness and heat resistance <ul style="list-style-type: none"> • Used in gears, axles and crankshafts • New Vanadium Redox Battery ("VRB") systems under development could significantly impact demand: <ul style="list-style-type: none"> • Volume storage for electricity generated by solar and wind
TITANIUM IN SLAG 3,818 tpa	\$200-\$300/t	<ul style="list-style-type: none"> • Typically used in alloy with iron, aluminium, molybdenum and manganese • Main uses in aerospace, both aircraft and engine • Resistant to seawater so also used for hulls and propeller shafts • Potential for incorporation in lithium-ion batteries

*Forecast annualised production from FCF Smelter

Source: Ironveld, Investor Presentation June 2022

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