

Stock Data

Share Price:	0.34p
Market Cap:	£12.10m
Shares in issue:	3,559.80m
52-week high/low:	0.90p/0.24p

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.

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TPI acts as joint broker to Ironveld plc.

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Ironveld

Ironveld has released a positive operational update. Noting its buyers' preference to receive high purity iron ('HPI') in the form of a granulated final product, which commands a materially higher selling price than standard cast output, the Group has undertaken an assessment of the existing Granulator plant at its Rustenburg smelter. As a result, an amended work programme designed to bring the damaged unit back into production is already underway, with the expectation that the smelter will now operate just two furnaces until July, by when the third is also expected to be brought on stream. No material delay to management's existing plan to reach full production capacity by Q3 2023 is foreseen despite the improved economics envisaged. Today's release also confirmed that final legal agreement for BurnStar's hydrogen project has been signed by all parties and that installation of plant capable of producing hydrogen from LNG at the rate of five kilograms/hour will now go ahead; this comes at no cost to the Group, while offering a significant reduction to its carbon footprint. With mining activity having continued as expected in recent months, Ironveld Mining has recently signed a 30-year lease for use of the land covered by the Mining Right; it notes furthermore that following formation of the IPace JV, with the intention of selling DMS grade magnetite ore directly from the mine, customer enquiries had been very encouraging and first product sales remain on track for mid-2023.

TPI derives a £30.7m DCF valuation for Ironveld

Having already surmounted all major technical challenges at Rustenburg, with on-site stockpiling of feedstock commencing some weeks back and sale prices guaranteed through existing offtake agreements, overall project risks appear to have reduced substantially. Today's announcement not only further supports expectation that Ironveld will become cash generative within its first full year of production, but also lends further credibility to the Board's ambitious medium to longer-term vision of building a much larger, scaled-up production facility. Having taken today's news on board TPI will not, at this time, be revising its existing prudent financial model for the project, but may look to do so once the plant has been commissioned and its prospective economic benefits formally detailed. In the meantime, based solely on the smelter's first phase of proposed commercial expansion and utilisation only of existing wholly-owned plant, TPI derives a £30.7m DCF valuation for Ironveld, which remains over two-and-a-half times the Group's current market capitalisation.

(Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone. Also please note that past performance is not a reliable indicator of future results.)

Ironveld Smelting – Adding value through granulation

TPI estimates that volume sales of a granulated HPI product to IRON's buyers could achieve a 25%+ premium to more standard cast output. Granulation is a method of solidifying liquid metal into pellets or granules that resemble

marbles that are then squeezed flat into irregular shapes. Successful high-volume output of this value-added product offers potential to further increment TPI's existing DCF valuation for Ironveld.

Following extensive scheduled repairs to the second furnace and the Argon Oxygen Decarburisation ('AOD') Converter, refurbishment work at the smelter complex is now approaching full completion. Work on the existing Granulator, an additional project that did not feature in the Group's initial plan, has required sourcing of certain specialist electrical items and control software in recent months. Expected to be finished by mid-summer, the revised production schedule is now for the smelter to operate with two furnaces until July, by when the third furnace will also be brought online. Although this is two or so months behind the Board's original expectations, no material delay in the plan to reach full production capacity by Q3 2023 is anticipated while enabling production of a much higher-value product.

New leases agreements signed by both Ironveld Smelting and Ironveld Mining

Ironveld Smelting has recently signed a 30-year lease (with a right to renew), with the Government of South Africa (represented by the Department of Agriculture, Land Reform and Rural Development) for land covering approximately 155 hectares on the Altona licence. For the near term this will be the location for the Group's ore processing activities, although in future years it is planned to be the site for a much larger smelting operations conveniently positioned adjacent to the mine. Ironveld intends to convert extensive buildings from a former Police training college that is presently found on the land for its own use, initially with a view to housing a clinic, accommodation and office space.

Ironveld Mining has also recently signed a 30-year lease (with a right to renew) with the Government of South Africa, this time comprising approximately 312 hectares on the Altona licence, for use of the land covered by the Mining Right. With mining activities having continued as planned in recent months, mined ore is being screened and crushed by subsidiary company, IPace, using on site equipment before transportation to Rustenburg.

BurnStar Hydrogen Project expected to significantly reduce Ironveld's carbon consumption

Backed by specialist South African venture capital and incubator fund, Savant, BurnStar is expected to produce hydrogen as a furnace reductant gas. Incorporating hydrogen into its smelting process should enable Ironveld to significantly reduce its carbon consumption and potentially take the lead in producing premium priced 'green metals' in South Africa.

Now the legal agreement has been formally concluded, albeit remaining conditional on subsidiary Ironveld Energy Ltd. finalising its supply of LNG to the smelter complex, it is envisaged that the BurnStar Hydrogen plant will be installed and fully operational in early 2024. To facilitate this, BurnStar will now proceed to install, at its own cost, a plant at the Rustenburg complex capable of producing hydrogen from LNG at the rate of five kilograms/hour. Once it has been established and is producing hydrogen, Ironveld intends to evaluate its use as the reducing agent in its smelting process. BurnStar has agreed to then supply the gas at or below current market rates and, assuming it can be successfully applied to Ironveld's production, this will result in a significant reduction its carbon consumption over and above the benefits of the solar-hybrid power plant that is due to be commissioned later this year.

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