

**Stock Data**

Share Price:	0.31p
Market Cap:	£11.08m
Shares in issue:	3,575,00m
52-week high/low:	0.40p/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% V<sub>2</sub>O<sub>5</sub>, 68.6% Fe<sub>2</sub>O<sub>3</sub> and 14.7% TiO<sub>2</sub>.

[www.ironveld.com/](http://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](mailto:info@turnerpope.com)  
Web: [www.turnerpope.com](http://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 announced certain amendments to the funding and operational structure of the DMS Magnetite operation currently being established at the Group's mining area. JSE-listed Sable Exploration and Mining Limited ('SEAM', JSE: SXM), via a subsidiary company Sable Platinum Holdings (Pty) Limited ('SPH'), will now enter the joint venture ('JV') that was originally formed equally between Ironveld Mining (Pty) Limited ('Ironveld Mining') and Pace SA (Pty) Limited ('Pace') on 27 January 2023, as its new funding partner. SPH will advance all necessary funding of approximately ZAR 15 million (approximately £650,000) for establishment of an initial quick-start 10,000tpm capacity plant, with the option to fund future expansions in capacity depending on the project's success. Once SPH's capital has been repaid, ownership of the joint venture will then become IPace Pty Limited ('IPace'): 50% and SPH: 50%. Although not particularly material in the context of Ironveld's smelter operation, this project will nevertheless be beneficial for Ironveld Mining in terms of reducing overall average mining costs and should, in time, make a contribution to the Group's overall profitability without diversion of cash resources from its core operations.**

## DMS Magnetite project - No cost or technical risks

On 27 January 2023 Ironveld's subsidiary, Ironveld Mining, and Pace, a South African company specialising in supply chain solutions and trading in DMS-grade magnetite, entered into the IPace Joint Venture Agreement ('IPace') as equal partners to produce and sell Dense Media Separation ('DMS') grade magnetite from Ironveld's mine in Limpopo, South Africa. Although not central to the Group's business plan for production of High Purity Iron ('HPI') plus vanadium and titanium in slag, it offers potential for an important extra source of revenues with no upfront cost or technical risk for Ironveld shareholders. The JV's amended structure retains Ironveld's ability to mine and sell additional ore, including 'fines' that would otherwise not be suitable for the Group's Rustenburg smelter, to IPCAE on a 'cost plus' basis, while benefitting from a share of expected future positive cashflows.

SEAM and Pace have both introduced significant offtake customers to IPace, through which forecast tonnage volumes are now approximately double the level envisaged early in 2023 when the JV was first created. Based on the new participations, the Board sees a negligible overall effect on the projected positive accruals to be collected by Ironveld. Given also that the revised upfront capital requirement proposed by SPH for a smaller and more efficient plant, which minimises unused capacity versus the original design, is lower than the c. ZAR 35 million (£1.65 million) that was originally planned by Pace, based on anticipated sales, the period required for capital repayment should also be reduced, which in turn advances the first expected payments to IPace. Ground and civil works at the site are said to be progressing well, with plant installation expected in around one month which, in turn, suggests maiden sales should be confirmed some four to six weeks following that.

## TPI retains its £30.7m DCF valuation for Ironveld

Having surmounted all major technical challenges at Rustenburg, with on-

site stockpiling of feedstock commencing two to three months back and sale prices guaranteed through existing offtake agreements, overall project risks have clearly now substantially reduced. Today's announcement not only lends additional support to the expectation that Ironveld will become cash generative within its first full year of production, but also continues to build credibility into 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 overall 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.)

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