

Stock Data

Share Price:	0.26p
Market Cap:	£9.72m*
Shares in issue:	3,737,00m*
52-week high/low:	0.40p/0.22p
<i>*Post First Admission</i>	

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

Clearly demonstrating confidence in its business opportunity going forward, Ironveld's largest shareholder, Tracarta Limited (in which current Non-Executive Director Dr John Wardle has a beneficial interest), agreed to cornerstone a fundraising (the 'Subscription' or 'Fundraising') at 0.278p/share ('the Subscription Price'), representing a 23.5% premium to yesterday's closing mid-price. TPI has procured orders for a further £550,000 from existing shareholders on the same terms, taking total gross proceeds to £1m. Conditional upon shareholder approval, subscribers will also be issued with warrants to subscribe for new ordinary shares at a price of 0.29p. Following the Subscription, Dr John Wardle will assume the role of Executive Chairman of the Group, with Giles Clarke remaining as a Non-Executive Director. This issuance of new equity is down to the fact that operations at the Rustenburg smelter have consumed a greater amount of cash resources than originally planned, in particular the impact of critical repairs and optimisation costing approximately £0.25m to rectify which, combined with a material interruption to planned production during October, created an additional, unexpected working capital requirement. Whilst the Directors' £0.5m loan facilities ('the Working Capital Facility') that were announced on 18 September 2023 still have undrawn headroom, the opportunity to raise a further cash buffer through equity issuance at a substantial premium to the existing market price certainly represents an attractive option for shareholders and should ensure flexibility in maintaining operations ahead of anticipated revenue generation. Having already made allowances for such 'teething' problems during Rustenburg's start-up phase while also sharing the new Chairman's confidence in the Group's forward opportunity, TPI's DCF valuation for Ironveld remains unchanged at £30.7m.

(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.)

Highlights of the subscription and placing

- Cash subscription by Tracarta Limited of £450,000 for 162m new ordinary Ironveld shares at a price of 0.278p/share, representing a premium of 23.5% to the closing mid-price on 25 October 2023;
- In addition Turner Pope, acting as the Group's Broker, has procured orders for a further £550,000 from existing shareholders on the same terms;
- Conditional upon shareholder approval, subscribers will also be issued with warrants ('Investor Warrants') to subscribe for new ordinary shares at a price of 0.29p; and
- Following the Subscription, Dr John Wardle will assume the role of Executive Chairman of the Group, with Giles Clarke remaining as a Non-Executive Director.

New shares to be allotted in two tranches

Ironveld currently has limited shareholder authority to issue new ordinary shares for cash on a non-pre-emptive basis. Accordingly, the Fundraising is

being conducted in two tranches as set out below:

Tranche 1 Subscription - A total of £450,000, representing the issue and allotment of 162m new ordinary shares at the Subscription Price, has been raised using the Group's existing share allotment authorities which were

granted at the general meeting held on 14 March 2023. Their Admission to AIM will take place on or around 30 October 2023 ('First Admission').

Tranche 2 Subscription - The balance of the Fundraising, being c.£550,00 and represented through the issue and allotment of 198m new ordinary shares at the Subscription Price remains conditional upon, inter alia, the passing of resolutions to be put to Ironveld shareholders at a general meeting ('the General Meeting') to be held on 13 November 2023. Conditional on the passing of the resolutions, application will be made for the Tranche 2 Subscription shares to be admitted to trading on AIM and it is expected that this will take place on or around 14 November 2023 ('Second Admission').

Warrants exercisable for a period of three years

The Group is proposing to issue subscribers to the Fundraising with Investor Warrants to subscribe for new ordinary shares on the basis of one warrant for every one Subscription Share, exercisable at 0.29p each for a period of three years from the date of their grant, on Second Admission. Their granting is conditional on the passing of the resolutions to be put to shareholders at the General Meeting but they will not be admitted to trading on AIM or any other stock exchange.

New Chairman is Ironveld's largest shareholder

Exchanging Boardroom seats with Giles Clarke, Ironveld's new Executive Chairman, John Wardle, will hold 14.47% of the Group's enlarged issues share capital (up from 11.40% previously). As well as being its largest shareholder (through Tracarta Limited which holds all his beneficial interest), John Wardle brings considerable experience in the natural resources space, having held executive roles at the likes of Amerisur Resources Limited and Emerald Energy plc. He has noted that, together with the Ironveld team, his objective is now to drive the Group's further short-term development while demonstrating the inherent value of its assets.

TPI retains its £30.7m DCF valuation for Ironveld

Today's fundraising, along with the Group's existing Working Capital Facility, is expected to provide near-term flexibility in meeting ongoing operating costs and with respect to contractual negotiations going forward. Given the strong customer interest in Rustenburg's output, Turner Pope expects Ironveld to successfully finalise its initial high purity iron ('HPI') sales contracts on advantageous terms before the end of this calendar year, leading to the commencement of strong revenue generation shortly afterwards; meanwhile the Group's Ipace DMS Magnetite joint venture is progressing as planned, with first production expected to be shipped and sold in November 2023. On this basis, Ironveld's operations appear set to become self-sustaining during Q1 2024.

Having surmounted all major technical challenges at Rustenburg, with on-site feedstock stockpiling underway and sale prices guaranteed through existing offtake agreements amid firm markets for both HPI and high purity iron powder ('HPIP'), overall project risks, beyond the current 'teething' problem, are now substantially reduced. Today's announcement not only lends additional support to the expectation that Ironveld can 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. Importantly in this respect, the Group has re-confirmed that direct funding discussions with potential interested parties to facilitate its investment transactions remain ongoing. Having taken this news on board TPI will not, at this time, be revising its existing prudent financial model for the overall project, although it considers there may be an opportunity to move it upward once the plant has been fully 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.

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