

Dissemination of a Regulatory Announcement that contains inside information according to  
REGULATION (EU) No 596/2014 (MAR).

16 September 2020

**Ferro-Alloy Resources Limited**  
**(“Ferro-Alloy” or “the Company”)**

**Financing and Operational Enhancement**

Ferro-Alloy Resources Limited (LSE: FAR), the vanadium mining and processing company with operations based in Southern Kazakhstan is pleased to announce that it has raised a total of approximately £733,000 (the ‘Fundraise’). The Fundraise comprises a direct subscription for cash into the Company of £500,000 and an issue of the Company’s bonds listed on the Astana Stock Exchange in Kazakhstan totalling \$300,114.

**The Fundraise**

The Company has issued and allotted 6,250,000 ordinary shares of no par value (‘Ordinary Shares’) at a price of 8 pence per Ordinary Share raising a total of £500,000 via a direct subscription into the Company.

In addition, the Company has issued 150 bonds to investors with a nominal value of US\$2,000.76 each on the Astana Stock Exchange in Kazakhstan totalling US\$300,114 (the ‘Bonds’). The Bonds are unsecured and carry an effective interest rate of 7% per annum, payable twice yearly. The Bonds mature on 17 March 2023 and the investors have the right to request early repayment by giving 30 days’ notice which may be given only between 12 and 13 months after issue.

**Operational enhancement**

The proceeds from the Fundraise, together with the £500,000 subscribed on 2 September 2020, will be used to further build the connection to the adjacent high voltage power line, complete the installation of the equipment to convert ammonium metavanadate (AMV) to vanadium pentoxide, make several improvements to the existing process plant and complete the fit-out of the newly built on-site accommodation for senior technical staff.

The connection to the adjacent high voltage power line is of major importance to the Company. A significant amount of work has already been done in spite of delays caused by the Covid-19 state of emergency. Specifically, the proceeds of the Fundraise will be sufficient for the completion of the two-kilometre spur line, the installation of the transformers and automated control, the relay protection and the high frequency communication systems. The remaining work, which will be to install the open switchgear and the low-voltage line from there to the operations, will be completed in spring of 2021 out of operating earnings.

The new power will be more reliable, have greater capacity, and is expected to reduce power costs by more than half.

The equipment to convert AMV to vanadium pentoxide will enable the Company to sell its vanadium without discount from prevailing prices and will give access to a wider market. The necessary oven is already on-site and will be installed together with ammonia gas recovery and recycling equipment. Other expenditure on the plant includes, principally, improvements to filtration and washing, which will increase throughput and provide greater purity of product.

**Nick Bridgen, CEO, said:** *“We have already completed a great deal of good work towards increasing production from existing operations but the limited and unreliable power has held us back. The plant improvements and new converter for the AMV will yield quick benefits to production and therefore revenue, and we look forward to even better production upon the completion of the new powerline in Spring 2021.*

*“The new power connection is also a step towards the planned development of the Balasausqandiq project, one of the world’s largest and lowest cost vanadium mines, which will draw power from the same line.”*

### **Settlement, Dealings and Total Voting Rights**

Application will be made to the FCA and to the London Stock Exchange for the 6,250,000 Ordinary Shares, which rank pari passu with the Company's existing issued ordinary shares, to be admitted to the standard segment of the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities respectively. Dealings are expected to commence from 8.00 a.m. on 22 September 2020 ("Admission").

Following Admission, the Company will have in issue a total of 330,589,052 Ordinary Shares. The Company does not hold any Ordinary Shares in treasury. Therefore, following Admission, the total number of voting rights in the Company will be 330,589,052 which may be used by shareholders or other persons as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

For further information, visit [www.ferro-alloy.com](http://www.ferro-alloy.com) or contact:

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**Further information about Ferro-Alloy Resources Limited**

The Company's operations are all located at the Balasausqandiq Deposit in Kyzylordinskaya Oblast in the South of Kazakhstan. Currently the Company has two main business activities:

- a) the high grade Balasausqandiq Vanadium Project (the "Project"); and
- b) an existing vanadium concentrate processing operation (the "Existing Operation")

Balasausqandiq is a very large deposit, with vanadium as the principal product, together with by-products of carbon, molybdenum, uranium, rare earth metals, potassium, and aluminium. Owing to the nature of the ore, the capital and operating costs of development are very much lower than for other vanadium projects.

A reserve on the JORC 2012 basis has been estimated only for the first ore-body (of five) which amounts to 23 million tonnes, not including the small amounts of near-surface oxidised material which is in the Inferred resource category. In the system of reserve estimation used in Kazakhstan the reserves are estimated to be over 70m tonnes in ore-bodies 1 to 5 but this does not include the full depth of ore-bodies 2-5.

The existing production facilities were originally created from a 15,000 tonnes per year pilot plant which was then adapted to treat low-grade concentrates and is now in the process of being expanded and further adapted to treat a wider variety of raw materials.

The Company has already completed the first steps of a development plan for the existing operation which is expected to result in annualised production capacity increasing gradually to around 1,500 tonnes of contained vanadium pentoxide. The development plan includes upgrades to infrastructure, an extension to the existing factory and the installation of equipment to increase the throughput and to add the facilities to convert AMV into vanadium pentoxide and then to ferro-vanadium.

The strategy of the Company is to develop both the project and the Existing Operation in parallel. Although they are located on the same site and use some of the same infrastructure, they are separate operations.