

## **Ironveld Plc**

**("Ironveld" or the "Company")**

### **Bridge Loan Facility and Extension of IIG Option Agreement**

Ironveld is pleased to announce that, along with its prospective strategic partner, Inclusive Investment Group Proprietary Limited ("IIG"), it has made an application to a major South African funding institution for project development funding which, if successful, would provide Ironveld with sufficient funds to start mining and production at the Company's magnetite project in South Africa.

On 30 March 2020, the Company announced that it had entered into arrangements with IIG to raise potential gross proceeds of approximately US\$3.2 million. In particular, the Company and IIG entered into an Option Agreement pursuant to which on the grant of the Option (which is conditional) IIG can subscribe for 440,176,070 new ordinary shares in the capital of the Company at a price of 0.42 pence per share. The option was to expire on 17 June 2020.

In order to bring the timetable for the potential Option exercise in line with the proposed project financing the Company has agreed to an extension to the exercise period of the Option to 30 September 2020.

In consideration, IIG has agreed to provide the Company with a bridge funding facility of up to ZAR3.70 million (approximately US\$200,000) ("Bridge Loan Facility") which is intended to provide the Company with the requisite funds to continue its operations until such time as the funding application is reviewed.

#### **Highlights**

- IIG is leading an application for up to ZAR240 million (approximately US\$14.4 million) project development funding which, if successful, would provide Ironveld with sufficient funds to begin mining and production from its magnetite project in South Africa;
- IIG and Ironveld agreed that it would be beneficial to align the potential Option exercise with the raising of project financing and accordingly have agreed to extend the final Option exercise date in terms of the Option Agreement between IIG and Ironveld, from 17 June 2020 to 30 September 2020;
- On grant of the Option (which is conditional), IIG can subscribe for 440,176,070 new ordinary shares in the capital of the Company at a price of 0.42 pence per Subscription Share;
- IIG also agreed to extend a loan of US\$1,000,000 (approximately £780,000) to Ironveld on completion of the Subscription. Should IIG choose to convert the loan and all accrued interest at the end of the loan term (and also assuming no further shares are issued by the Company other than those included in this announcement and constant exchange rates), it will be issued with a further 233,373,349 shares, taking its holding to 46.8 per cent. of the Company's issued share capital;
- IIG has agreed to extend a Bridge Loan Facility of up to ZAR3.70 million (approximately US\$200,000), unconditionally, in order to fund Ironveld through to the anticipated project financing and exercise of the Option;
- Ironveld has agreed, conditional on shareholder approval, that any Bridge Loan funds drawdown plus accrued interest, together with IIG's initial US\$250,000 Option Fee, will convert into Ironveld shares at the Subscription Price of 0.42 pence should the Option expire; and
- All other aspects of the Fundraising, comprising potential gross proceeds of US\$3.2 million, remain unchanged.

The grant of the Option and the Fundraising in general are wholly conditional on shareholder approval being granted at a general meeting of the Company (the "**General Meeting**") and to the Takeover Panel granting a Rule 9 Waiver\*. The Company will publish a circular together with a notice to convene the General Meeting in due course. Should these conditions not be met, then the Fundraising (comprising the Subscription and Loan Facility) will not proceed, and the option fee of US\$250,000 (approximately £210,000) paid by IIG to the Company will be repayable in full. Under the terms of the revised Option Agreement, exercise of the Option must occur prior to 30 September 2020.

Capitalised terms in this announcement shall have the same meaning as in the Company's announcement of 30 March 2020 unless the context requires otherwise.

**Martin Eales, Chief Executive Officer of Ironveld, said:**

***"In recent weeks we have been working very productively with IIG and the potential for a larger project financing for Ironveld is becoming much more realistic. If successful, the financing will allow the Company to progress various workstreams and transition to mining and production at our magnetite project, marking a transformative milestone for Ironveld.***

***"Due to the timescale of this financing and the impact of COVID-19 restrictions we have agreed to IIG's request to extend the period for exercising the Option to 30 September 2020. We are pleased that IIG has demonstrated its continued commitment to the transaction by agreeing to the Bridge Loan Facility announced today."***

## **Background**

Ironveld and IIG have been working closely together in recent weeks in order to secure project development funding, which would facilitate the start of mining and production for Ironveld's magnetite project in South Africa. A funding application for up to ZAR240 million (approximately US\$14.4 million) is currently underway with a major South African financing institution. Whilst the outcome of this current application is not yet certain, based on the merits of the application the parties are optimistic as to the chances of a successful conclusion and have therefore agreed to extend IIG's Option timetable such that it is more in line with the larger fundraising process.

The transaction and larger project financing application have also been impacted by the effect of lockdown restrictions in South Africa due to COVID-19, which has caused interruption at all levels of commerce.

Due to both of these factors, Ironveld has agreed to IIG's request to extend the period during which the Option can be exercised from prior to 17 June 2020 to prior to 30 September 2020. In exchange, IIG has agreed to provide bridge funding to Ironveld so that it is capable of meeting its obligations prior to the anticipated exercise of the Option.

## **Bridge Loan Facility**

IIG has agreed to advance to Ironveld two tranches of ZAR1.85 million (approximately US\$100,000 each) in July 2020 and August 2020 on an unconditional and unsecured basis. The loan amounts will bear interest of 10 per cent. per annum (in line with the cost of borrowing in South Africa). Any loan amounts plus interest will be convertible into New Ordinary Shares in Ironveld at a price of 0.42 pence per New Ordinary Share on completion of the exercise of the Option or failing such exercise, on the date being 5 Business Days after 30 September 2020 or such later date as agreed between the parties. If the Resolutions are not passed on or before 30 September 2020, any loan amounts plus interest will instead be convertible into Existing Ordinary Shares in Ironveld at a price of 1 pence per Existing Ordinary Share. If the Bridge Loan Facility is converted into New Ordinary Shares, the amount of the

Option and therefore the number of Subscription Shares to be issued pursuant to its exercise will be reduced commensurate with the amount of the Bridge Loan Facility that is converted. The Company will give standard representations and warranties to IIG pursuant to the Bridging Loan Facility.

The parties have further agreed, subject to shareholder approval, that if IIG's Option expires on 30 September 2020 then any loan amounts plus interest plus IIG's original US\$250,000 Option Fee will be converted into new Ironveld Shares at the Subscription Price of 0.42 pence.

### **General Meeting and Shareholder Approval**

As announced on 30 March 2020, Shareholder approval will be required for the Option to come into effect and to allow any New Ordinary Shares to be issued pursuant to the Fundraising. Ironveld expects to publish the Circular required for the General Meeting in June or July 2020.

Resolutions required at the General Meeting will include:

- a) a Rule 9 Waiver Resolution, in accordance with the provisions of the Takeover Code;
- b) by way of ordinary resolution to give the Directors authority to subdivide each existing ordinary share of 1 pence each into one ordinary share of 0.1 pence each and nine deferred shares of 0.1 pence each, with the deferred shares having the same rights and restrictions as the Company's existing deferred shares of 1 pence each;
- c) by way of ordinary resolution to give the Directors authority to allot the New Ordinary Shares;
- d) by way of special resolution to dis-apply statutory pre-emption rights in respect thereof; and
- e) by way of special resolution to amend Ironveld's current articles of association to include reference to the New Ordinary Shares, in particular detailing the rights attaching to the New Ordinary Shares.

The Directors (representing 4.41 per cent. of the issued ordinary share capital) and Tracarta Limited (representing 12.27 per cent. of the issued share capital) have all indicated that they will support the resolutions to be put forward at the General Meeting.

### **For further information, please contact:**

#### **Ironveld plc**

Giles Clarke, Chairman  
Martin Eales, Chief Executive Officer

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

*\*Rule 9 Waiver means the waiver, conditional on its approval by the Independent Shareholders\*\* taken by a poll, by the Takeover Panel Executive (the "Panel") of the obligation that, following the issue of the shares pursuant to the exercise of the Option Agreement, would otherwise arise on IIG to make a*

*general offer to all shareholders of the Company pursuant to Rule 9 of the Takeover Code as a result of the allotment and issue of shares pursuant to exercise of the Option Agreement by IIG.*

*\*\*Independent Shareholders means the shareholders of the Company, excluding (i) IIG and any person acting in concert with them who holds Ordinary Shares and (ii) the directors of the Company, with the exception of the Independent Director.*

## **NOTES TO EDITORS**

Ironveld (IRON.LN) is the owner of Mining Rights over approximately 28 kilometres of outcropping Bushveld magnetite with a SAMREC 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>.

The Definitive Feasibility Study published in April 2014 confirms the project's viability to deliver a Vanadium slag product for which the company has an offtake agreement as well a High Purity Iron product which commands a premium in the market place and Titanium slag containing commercial grades of titanium.

Ironveld is an AIM traded company. For further information on Ironveld please refer to [www.ironveld.com](http://www.ironveld.com).