

26 October 2016

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

**Placing to raise c.£1.8 million and  
Notice of General Meeting**

Ironveld plc, the owner of a High Purity Iron ("HPI"), Vanadium and Titanium project located on the Northern Limb of the Bushveld Complex in Limpopo Province, South Africa (the "**Project**"), is pleased to announce that it has raised c.£1.8 million before expenses through a firm and conditional placing of 40,000,003 new ordinary shares of 1p each (the "**Placing Shares**") at a price of 4.5p each (the "**Placing**").

**Highlights:**

- Placing to raise gross proceeds of c.£1.8 million through the issue of 40,000,003 Placing Shares at a price of 4.5p each;
- Placing comprises Firm Placing of c.£1.3 million and Conditional Placing of c.£500,000;
- Proceeds of the placing will be used for working capital including advancing the development phase of the 15MW DC smelter
- Project funding and development progressing strongly:
  - Industrial Development Corporation ("**IDC**") has approved facilities representing c.R244.08 million.
  - Company in the advanced stages of completing the remaining debt agreements for the Project.
  - Land lease agreements are being processed by the Department of Public Works and are expected to be received shortly.
  - Offtake agreements in place for HPI, Vanadium and Titanium for the first 5 years of production.
- Giles Clarke and Nick Harrison to participate in the Placing to acquire an additional 777,778 Ordinary Shares and 555,556 Ordinary Shares respectively. In addition, Westleigh Investments Holdings Limited, a company wholly owned and controlled by Giles Clarke and Nick Harrison is to participate in the Placing, subscribing for 888,889 Ordinary Shares;
- General Meeting on 14 November 2016 to approve Conditional Placing.

**Application for admission**

Application will be made to the London Stock Exchange for the Firm Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in the Firm Placing Shares will commence on 1 November 2016.

Application will be made to the London Stock Exchange for the Conditional Placing Shares to be admitted to trading on AIM. It is expected that Second Admission will become effective and that dealings in the Conditional Placing Shares will commence on 15 November 2016, subject to the passing of the Resolutions at the GM.

### **Total voting rights**

Following the First Admission but before the Second Admission, the Company's issued share capital will consist of 357,132,136 Ordinary Shares, with each Ordinary Share carrying the right to one vote. The Company does not hold any Ordinary Shares in treasury. This figure of 357,132,136 Ordinary Shares may therefore be used by shareholders in the Company, between the dates of First Admission and Second Admission, as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules ("**DTRs**").

Following the Second Admission, the Company's issued share capital will consist of 370,554,358 Ordinary Shares, with each Ordinary Share carrying the right to one vote. The Company does not hold any Ordinary Shares in treasury. This figure of 370,554,358 Ordinary Shares may therefore be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the DTRs.

Following the Second Admission, and subject to shareholder approval, the Company's issued share capital will consist of 370,554,358 Ordinary Shares, with each Ordinary Share carrying the right to one vote

Unless the context otherwise requires, defined terms shall have the meaning ascribed to them in the circular being posted to Shareholders today ("**Circular**"). The Shareholder Circular is available on the Company's website [www.ironveld.com/](http://www.ironveld.com/)

### **Peter Cox CEO of Ironveld plc commented:**

"Ironveld has had a busy period of activity including the execution of the vitally important transaction with the IDC which is a major stamp of approval from the South African government of our project. I am delighted with the continued support from our shareholders and the proceeds from this fundraise will enable us to commence the development phase of the Project whilst we seek to conclude the remaining debt agreements."

### **Giles Clarke Chairman of Ironveld plc commented:**

"With a number of imminent catalysts we continue to strengthen our position and advance the Project towards production. I would like to thank all our existing and new shareholders for their continued support."

Ends

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

**Ironveld plc**

Peter Cox, Chief Executive

**Shore Capital and Corporate Limited**

c/o Camarco

020 3757 4980

020 7408 4090

Stephane Auton / Toby Gibbs (corporate finance)

Jerry Keen (corporate broking)

**Camarco**

020 3757 4980

Gordon Poole / Billy Clegg

## 1. Introduction

The Company is proposing to raise £1.8 million (before expenses) through a conditional placing of 40,000,003 Placing Shares at the Placing Price. In addition, one Placing Warrant will be issued to each Placee in respect of each Placing Share. Further details of the terms of the Placing are set out below under the heading "Details of Placing" and "Use of proceeds".

28,844,448 of the Placing Shares are being placed pursuant to existing authorities granted to the Directors at the Company's annual general meeting held on 18 December 2015 whilst the remaining 11,155,555 Placing Shares are being placed conditional, *inter alia*, on the passing of the Resolutions being proposed at the GM. The Firm Placing is conditional, *inter alia*, on First Admission (which is expected to become effective with dealings in the Firm Placing Shares to commence on 1 November 2016); and the Conditional Placing is conditional, *inter alia*, on Second Admission (which is expected to become effective with dealings in the Conditional Placing Shares to commence on 15 November 2016). The Placing has not been underwritten.

## 2. Details of Placing

The Placing will raise, in aggregate, £1.8 million (before commissions and expenses) through the conditional placing of the Placing Shares at a price of 4.5 pence per share with institutional and other investors. Having considered the price at which the Ordinary Shares are currently traded, feedback from investor marketing and other factors, the Directors have resolved that the Placing Price is appropriate.

The Firm Placing Shares are being placed pursuant to existing authorities granted to the Directors at the Company's annual general meeting held on 18 December 2015 while the Conditional Placing Shares are being placed conditional, *inter alia*, on the passing of the Resolutions at the GM.

The Placing Shares, when issued, will represent approximately 10.79 per cent. of the Company's Enlarged Share Capital immediately following Second Admission. The Placing Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the Ordinary Shares in issue from the date of Admission.

The Firm Placing (which is not being underwritten) is conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects (save for First Admission and Second Admission) and not having been terminated in accordance with its terms prior to First Admission; and
- (b) Admission of the Firm Placing Shares becoming effective on or before **8.00 am on 1 November 2016** or such later date as the Company and Share Capital may agree, being no later than **8.00 am on 4 November 2016**.

The Conditional Placing (which is not being underwritten) is conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects (save for Second Admission) and not having been terminated in accordance with its terms prior to Admission;

- (b) the Resolutions set out in the Notice of General Meeting forming part of this Circular being approved by the Shareholders; and
- (c) Admission of the Conditional Placing Shares becoming effective on or before **8.00 am on 15 November 2016** or such later date as the Company and Shore Capital may agree, being no later than **8.00 am on 30 November 2016**.

#### 2.1. *Placing Warrants*

One Placing Warrant will be issued to each Placee in respect of each Placing Share under both the Firm Placing and the Conditional Placing. In total 40,000,003 Placing Warrants will be issued, 28,844,448 pursuant to the Firm Placing and 11,155,555 pursuant to the Conditional Placing. The Placing Warrants are exercisable at 6.75 pence at any time during the 12 months from the First Admission or Second Admission, as applicable.

#### 2.2. *The Placing Agreement*

Pursuant to the terms of the Placing Agreement, Shore Capital has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares at the Placing Price with certain institutional and other investors.

The Placing Agreement contains warranties from the Company in favour of Shore Capital in relation to, *inter alia*, the accuracy of the information in the Circular and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Shore Capital in relation to certain liabilities it may incur in respect of the Placing. Shore Capital has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, the occurrence of a *force majeure* event which in Shore Capital's opinion may be material and adverse to the Company or the Placing, or a material adverse change affecting the financial position or business or prospects of the Company.

As part of the Placing, Shore Capital has agreed that certain fees due to Shore Capital will be satisfied through the issue of 2,266,667 Placing Shares at the Placing Price on Second Admission.

#### 2.3. *Settlement and dealings*

Application will be made to the London Stock Exchange for the Firm Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings in the Firm Placing Shares will commence on 1 November 2016.

Application will be made to the London Stock Exchange for the Conditional Placing Shares to be admitted to trading on AIM. It is expected that Second Admission will become effective and that dealings in the Conditional Placing Shares will commence on 15 November 2016, subject to the passing of the Resolutions at the GM.

The Placing Shares being issued pursuant to the Placing will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the issued Ordinary Shares.

### 3. **Use of proceeds**

The Company intends to use the net proceeds of the Firm Placing and Conditional Placing for the Company's funding requirements up until 30 June 2017, by which time the Directors expect to have completed the full funding of the Project.

### 4. **Status of the Ironveld Project**

## *Overview*

The Group is the owner of a High Purity Iron, Vanadium and Titanium project located in the Northern Limb of the Bushveld Complex in Limpopo Province, South Africa.

The Definitive Feasibility Study published in April 2014 confirmed the Project's viability to deliver an exceptionally high grade iron product (called "**High Purity Iron**"). The Project involves the Group mining its own VTM ore as feedstock for a 15 MW DC smelter which will produce High Purity Iron powder as well as vanadium and titanium products.

The Directors believe that all three products are in demand and the Group has entered into offtake agreements for all the products for the first five years of production. Iron powders are widely used in powder metallurgy (which the Directors believe is a growing market, driven by the continuous introduction of new materials and technologies), in magnetic materials and in the manufacturing of welding rods.

Whilst vanadium has historically been used as ferrovandium or as a steel additive adding a considerable increase of strength to steel, it is the development of vanadium redox flow battery systems for grid energy storage applications that the Directors believe has the most potential to significantly impact on the demand for vanadium.

Titanium slag is used in the manufacture of paint, paper and plastics but scientists have recently developed a new battery with a new gel material made from titanium dioxide which can be charged up to 70 % in only two minutes and has a longer projected lifespan over 20 years which again the Directors believe will, if commercialised, increase demand for titanium.

Key mining rights and prospecting rights together with the relevant approvals have been granted in respect of the Project to enable the mining to commence. The Project is supported by excellent infrastructure of roads, rail and has access to power and water. The Group has a formal letter from Eskom confirming power supply availability for the smelter and has opted for the 'self-build' option, allowing the Group to ensure build quality of the network and to standards that will ensure the Group's operations are stable. The land lease for the smelter is being processed by the Department of Public Works and the Group is in the process of appointing Tenova Pyromet, part of the Techint Group, to design and supply the smelter.

## *Project Funding*

The Company announced on 6 October 2016 that IDC has approved a R244m funding package for the Project and was in the process of executing formal funding agreements. Under the term of the funding package IDC will provide senior loan facilities to Ironveld Mining and Ironveld Smelting, subsidiaries of the Company. The total value of the facilities represents R244.08 million and will form part of an approximately. R871 million financing package for the development of the Project.

Established in 1940, IDC is a national development finance institution set up to promote economic growth and industrial development. It is owned by the South African government under the supervision of the Economic Development Department. IDC's main objective is to be the primary source of commercially sustainable development and innovation to benefit both South Africa and the rest of Africa.

The Company is in the advanced stages of negotiating the remaining debt agreements for the Project.

## *Sylvania Loan Facility*

At the time of the acquisition of the assets of the Ironveld Project from the Sylvania Group in July 2012, the Company entered into a loan facility of R15 million with Sylvania Metals Pty Limited ("**Sylvania**"). Under the terms of the Loan Facility the Company undertook to grant Sylvania warrants as a guarantee. The Loan Facility, which now bears interest at 4% above the South African prime

rate, was repayable no later than 30 June 2016, subsequently extended to 31 December 2016. The Directors' intention is to pay off the Loan Facility as part of the funding package for the Ironveld Project. As a consequence, the Directors have entered into an agreement with Sylvania which extends the repayment date for the R15 million principal amount to 30 June 2017.

## **5. Irrevocable undertakings**

The Company has received irrevocable undertakings to vote in favour of the Resolutions from Directors who hold, or are interested in, an aggregate of 22,158,380 Ordinary Shares, representing 6.75 per cent. of the Company's current issued share capital.

## **6. Director Participation**

Giles Clarke and Nick Harrison, both directors of the Company, are to participate in the Firm Placing, subscribing for 777,778 Ordinary Shares and 555,556 Ordinary Shares respectively. In addition, Westleigh Investments Holdings Limited ("**WIHL**"), a company wholly owned and controlled by Giles Clarke and Nick Harrison is to participate in the Placing, subscribing for 888,889 Ordinary Shares. Following the completion of the Placing and Second Admission, and subject to shareholder approval, Giles Clarke will hold an interest in 9,148,580 Ordinary Shares (representing 2.47% of the Enlarged Share Capital), Nick Harrison will hold an interest in 4,147,840 Ordinary Shares (representing 1.12% of the Enlarged Share Capital) and WIHL will hold an interest in 10,062,470 Ordinary Shares (representing 2.72% of the Enlarged Share Capital).

## **7. General Meeting**

Set out at the end of the Circular is a notice convening the General Meeting to be held at the Company's registered office at Lakeside, Fountain Lane, St Mellons, Cardiff, CF3 0FB on 14 November 2016 at 11 a.m., at which the Resolutions will be proposed as ordinary or special resolutions as set out below:

### *Ordinary Resolution*

1. to provide the Directors with the relevant authority pursuant to section 551 of the Act to issue and allot equity securities up to an aggregate nominal value of £245,777.77 which will facilitate, inter alia, the Conditional Placing and provide the Directors with authority to issue and allot further equity securities up to an aggregate nominal value of £741,110;

### *Special Resolution*

2. to disapply pre-emption rights pursuant to section 570 of the Act in connection with the issue and allotment of equity securities up to an aggregate nominal value of £245,777.77 which will facilitate, inter alia, the Conditional Placing and provide the Directors with authority to issue and allot further equity securities on a non-pre-emptive basis up to an aggregate nominal value of £741,110.

Resolution 1 will be proposed as an ordinary resolution and require a majority of more than 50 per cent. of the Shareholders voting in person or by proxy in favour of the resolution. Resolution 2 will be proposed as a special resolution and will require not less than 75 per cent. of the Shareholders voting in person or by proxy in favour of the resolution.

## **8. Recommendation**

**The Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 22,158,380 Ordinary Shares, representing 6.75 per cent. of the Company's current issued share capital of the Company.**