

Ironveld Plc
("Ironveld" or the "Company")

Progress Update

Ironveld (AIM:IRON) is pleased to provide a further update on progress made by its subsidiaries Ironveld Smelting Pty Limited ("Ironveld Smelting") and Ironveld Mining towards production.

Highlights

- Pre-Operations power at the Rustenburg smelter now fully installed and systems and equipment testing underway;
- Smelter refurbishment on schedule and first production anticipated in Q1 2023;
- Mine planning on track to commence operations in current quarter to provide ore to the smelter; and
- Debt Purchase Agreement with sole creditor anticipated to be signed in coming two weeks, with Exclusivity extended.

Ironveld Smelting

Power supply

As announced on 12 September 2022, Enernet Global Inc. ("Enernet") has successfully installed a pre-operations power supply at the Rustenburg smelter that is being used to test and recommission the plant. Further temporary additional power will be added to this facility to enable scaling up of plant operations in the coming months prior to full completion of Enernet's optimised power solution (including solar, battery storage and gas generation), expected in Q3 2023.

The Rustenburg smelter will not be reliant on the South African electricity grid at any stage of production, thereby removing any risk to operations caused by Eskom's daily programme of 'load shedding'.

Furthermore, Ironveld and Enernet have agreed to incorporate certain aspects of the required refurbishment upgrades to the electrical system at the smelter into Enernet's project installation, thereby enabling Ironveld to make savings in planned short term capital expenditure.

Testing, Recommissioning and first Production

A planned programme of systems and equipment testing and upgrades is now underway at the smelter and orders have been placed for critical long lead time components. Where specialist skills have been identified as being needed for the refurbishment work specialist contractors have been engaged and are active on site. Based on a review of work successfully completed to date, Ironveld Smelting anticipates first production of its suite of products (high purity iron, vanadium in slag and titanium in slag) in Q1 2023, in line with its original estimate of the six to nine month refurbishment programme.

Labour Force

Since completion of the placing in August 2022, which enabled the Company to proceed with the Ferrochrome Furnaces Pty Limited (“FCF”) acquisition, Ironveld Smelting has taken rapid steps to recruit appropriately skilled operational and maintenance staff for the smelter operation. As at today’s date around 40% of envisaged total employees have commenced work or have accepted employment offers. These staff members are currently engaged in the refurbishment work.

Debt Purchase Agreement

On 31 August 2022 Ironveld announced that the Share Purchase Agreement (“SPA”) to acquire 100% of FCF had been signed by its subsidiary company Ironveld Smelting. The only condition precedent in the SPA is the signing of a Debt Purchase Agreement (“DPA”) between Ironveld Smelting and the sole creditor of FCF for a total of ZAR 115 million (approximately £5.75 million).

Ironveld and the sole creditor have agreed all commercial issues in the DPA and it is expected to be signed in the next two weeks. The sole creditor has also confirmed Ironveld’s exclusivity remains in place until the DPA is signed. Following completion of the DPA, Ironveld and the Business Rescue Practitioner will proceed with the formal steps to remove FCF from Business Rescue.

Ironveld Mining

Commencement of mining operations has been scheduled to begin in the current quarter (Q4 2022) in order to cost efficiently supply a feedstock of magnetite ore for the smelter as the three furnaces are brought into operation sequentially. Necessary contractors have been selected and recruitment of key operational staff is substantially complete.

When fully operational the smelter will require approximately 40,000 tonnes of ore per annum, a relatively modest amount that can be effectively mined with a small equipment fleet. Based on current demand in the South African mining industry, Ironveld Mining is currently investigating options to produce a product from the ‘fines’, which are not suitable for the smelter, for third party purchasers and thereby reduce average mining costs per tonne.

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