

Regulatory Story

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Ironveld PLC - IRON Interim results for six months ended 31 Dec 2016
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IRONVELD PLC
("Ironveld" or the "Company")

Interim results for the six months ended 31 December 2016

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 its interim results for the six months ended 31 December 2016 ("the Period"). The Company has made significant progress in securing the financing for the Project.

Operational Highlights

- Offtake agreements are in place for HPI, Vanadium and Titanium for the first five years of production
- Land lease agreements for the Project are being processed by the Department of Rural Development and Land Reform and the lease documents are expected early in Q2 2017

Project Financing

- Completed a successful placing raising gross proceeds of c.£1.8 million through the issue of 40,000,003 placing shares at a price of 4.5p each
- Proceeds of the placing used for working capital including advancing project development
- Industrial Development Corporation ("IDC") has approved a funding package of c. R244.08 million (approx. US\$17.9 million)
- The Company is in the advanced stages of completing the remaining debt agreements

Post Period

- The Company is pleased to report that it has received the draft Air Emissions Licence and the full licence will be issued early in Q2 2017
- Applications for water use licences for both the mine and the smelter are in process

Outlook

- Financing for the Project nearing completion
- Construction of the 15MW smelter expected to commence on financial closure
- The 15MW smelter has a projected annual output of 42,000 tonnes of HPI, 381 tonnes of Vanadium and 8,269 tonnes of Titanium per annum

Peter Cox, CEO said:

"This Period saw the Company make important progress. Through the completion of a successful placing and securing the IDC's commitment to fund approximately US\$17.9 million of the Project finance, the Company exited the Period in a position of strength.

The focus for the next financial year is to make further headway with the Project, securing the remaining finance and beginning construction of the smelter.

This is an exciting time for the Company as we seek to become a producer of three high value and high demand commodities. It is encouraging to see the macro economic environment shifting towards a supportive position given the market's more optimistic view of demand for commodities in 2017."

For further information, please contact:

Ironveld plc	c/o Camarco
Peter Cox, Chief Executive	020 3757 4980
Shore Capital and Corporate Limited	020 7408 4090
Stephane Auton / Toby Gibbs (corporate finance)	
Jerry Keen (corporate broking)	
Camarco	020 3757 4980
Gordon Poole / Billy Clegg / Kimberley Taylor	

Notes to Editors:

Ironveld (IRON.LN) is the owner of a High Purity Iron, Vanadium and Titanium project located on the Northern Limb of the Bushveld Complex in Limpopo Province South Africa. Ironveld expects to mine its own VTM ore as feedstock for a 15MW DC smelter which will produce speciality iron products including high purity iron powder as well as vanadium and titanium slag products.

The Definitive Feasibility Study published in April 2014 confirms the project's viability to deliver an exceptionally high grade iron product (99.5% Fe) called High Purity Iron which commands a premium in the market place. High Purity Iron Powder is widely used in powder metallurgy, in magnetic materials and in manufacturing of welding rods. Vanadium and Titanium slag containing commercial grades of vanadium and titanium will also be produced and sold. Vanadium has historically been used as ferrovanadium or as a steel additive adding a considerable increase of strength to steel. However it is the development of vanadium redox flow battery systems for grid energy storage applications that has the most potential to have a significant impact on future vanadium demand. Titanium Slag is an upgraded white pigment that is used in the manufacture of paint, paper and plastics.

Ironveld's Board includes; Giles Clarke as Chairman, Peter Cox as CEO, Vred von Ketelhodt as CFO, Nick Harrison and Rupert Fraser as a Non-Executive Directors.

Ironveld is an AIM traded company. For further information on Ironveld please refer to www.ironveld.com.

Chairman's Statement:

During the Period, we have taken significant steps towards finalising the financing of the Project, which will see the Company construct a world class integrated HPI, Vanadium and Titanium project on the Northern Limb of the Bushveld complex in the Limpopo province of South Africa.

In October 2016, the IDC approved a funding package of R244.08 million (approx. US\$17.9 million), which will see them providing senior loan facilities for the Project. The funds form part of an approx. R841 million wider financing package for the Project development. The IDC is providing funding for the BBBEE capital contribution in Ironveld Smelting (Pty), in line with its 26% shareholding in the smelting project.

The support of the IDC is a significant endorsement of the Project, as the institution was set up to promote economic growth and as a source commercial sustainable development to benefit both South Africa and the rest of Africa.

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

Furthermore, in October, we completed a successful placing that saw approx. £1.8m of gross proceeds raised through the issue of over 40 million placing shares. As we move towards the construction phase of the Project, these funds will form part of the Company's working capital and will be used in the development of the 15MW smelter.

The land lease agreements for the farm Altona, where the 15MW DC smelter is due to be constructed, are being processed by the Department of Rural Development and Land Reform who have confirmed that the lease is in process and expected to be finalised in Q2.

Ahead of entering the construction phase of the Project, the Company has managed to secure offtake agreements for 100% of all three products for the first five years of production with highly reputable partners. Oreport, a South African based, majority black owned, global trading company will take the HPI and titanium slag and an established international company will take the Vanadium. Both these agreements are on attractive price terms.

The Project will produce 42,000 tons annually of HPI in powder form, which is widely used in powder metallurgy, magnetic materials and in a variety of specialist applications. Vanadium slag, 381 tons of which will be produced annually, is predominantly used in the steel industry but has other varied applications including in the development of vanadium redox flow batteries, which have been heralded as the 'missing link' in volume storage for clean energy. 8,269 tons per annum of titanium slag, which is used in the pigment industry, the steel and alloy industries, and new battery technology, will also be produced.

Post-period end, the Company has received the draft Air Emissions licence with the full licence to be issued early in Q2 2017. In addition, applications for water use licences for both the mine and the smelter are in process.

We remain committed to working closely with the communities based in our Project area and always strive to improve our local engagement. The Company continue to be keen supporters of the Keep a Girl in School programme, where we have partnered with the Imbumba Foundation and the Nelson Mandela Foundation to provide hygiene support to 605 female students at schools in the project area. We have received letters of support from both parents and girls who have benefitted from the programme and consequently are looking to start an initiative for male students encouraging academic and sporting achievement. To this end the Company is actively engaged with various sporting and academic bodies to structure a programme.

Financial

The group recorded a loss before tax of £385,000 (H1 2015: £318,000) and cash balances of £413,000 (H1 2015: £648,000) at the end of the Period. The Company does not plan to pay a dividend for the six months ended 31 December 2016.

Going concern

The Group's present resources and existing facilities are only considered adequate to meet committed overhead expenditure for the period to 30 June 2017 by which time the Directors expect to have completed the full funding of the Project (the High Purity Iron, Vanadium and Titanium project located on the Northern Limb of the Bushveld Complex in Limpopo Province, South Africa owned by the Group). The Group announced on 6 October 2016 that they have received approval for a ZAR244m funding package for the Project and were in the process of executing formal funding agreements. The Group is also in advanced stages of negotiating the remaining debt agreements for the Project. Overall a ZAR 871m financing package is proposed.

The Directors are confident that sufficient funds can be raised for this additional planned activity and therefore have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of the financial statements. The Group is committed to developing the Project and is actively engaged in raising finance to allow the development to proceed. For this reason, the Board continues to adopt the going concern basis in the preparation of the financial statements.

Summary

On behalf of the Board of Directors I would like to thank our employees and shareholders for their continued support.

We have made significant progress towards completing the financing for the Project and anticipate the coming months will be transformational for the Company, as we look to begin construction of the 15MW DC smelter. We remain confident that the Project will be successful, with strong market demand expected to grow for the end products.

We look forward to updating shareholders on our continued progress in the near future.

Giles Clarke
Chairman
29 March 2017

IRONVELD PLC
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2016

	(As restated)		
6 Months	6 Months	12 Months	
ended	ended	ended	
31.12.16	31.12.15	30.06.16	
	£'000	£'000	£'000
Administrative expenses	(297)	(272)	(494)
Operating loss	(297)	(272)	(494)
Investment revenues	1	-	-

Finance costs	<u>(89)</u>	<u>(46)</u>	<u>(91)</u>
Loss before taxation	<u>(385)</u>	<u>(318)</u>	<u>(585)</u>
Taxation	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(385)</u>	<u>(318)</u>	<u>(585)</u>
Attributable to owners of the company	(385)	(317)	(584)
Non-controlling interests	<u>-</u>	<u>(1)</u>	<u>(1)</u>
	<u>(385)</u>	<u>(318)</u>	<u>(585)</u>
Profit/(loss) per share (pence)			
Basic	(0.11)	(0.10)	(0.18)
Diluted	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

The accompanying notes form an integral part of these financial statements.

IRONVELD PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

	6 Months ended 31.12.16 £'000	(As restated) 6 Months ended 31.12.15 £'000	12 Months ended 30.06.16 £'000
Loss for the period	(385)	(318)	(585)
Exchange differences on the translation of foreign operations	2,941	(2,490)	(681)
Total comprehensive income/(loss) for the period	<u>2,556</u>	<u>(2,808)</u>	<u>(1,266)</u>

The accompanying notes form an integral part of these financial statements.

IRONVELD PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	As at 31.12.16 £'000	As at 30.06.16 £'000
Non-current assets		
Exploration and evaluation	26,207	21,509
Property, plant and equipment	<u>5</u>	<u>9</u>
	26,212	21,518
Current assets		
Trade and other receivables	382	234
Cash and bank balances	<u>413</u>	<u>113</u>
	795	347
Total assets	<u>27,007</u>	<u>21,865</u>
Current liabilities		
Trade and other payables	(272)	(186)
Borrowings	<u>(794)</u>	<u>(992)</u>
	(1,066)	(1,178)
Non-current liabilities		
Deferred tax liabilities	<u>(5,569)</u>	<u>(4,699)</u>
Total liabilities	<u>(6,635)</u>	<u>(5,877)</u>
Net assets	<u>20,372</u>	<u>15,988</u>
Equity		
Share capital	6,930	6,500
Share premium	17,479	16,136
Other reserves	21	21
Retained earnings reserve	<u>(8,012)</u>	<u>(10,006)</u>

Equity attributable to owners of the company	16,418	12,651
Non-controlling interests	3,954	3,337
Total equity	<u>20,372</u>	<u>15,988</u>

The accompanying notes form an integral part of these financial statements.

IRONVELD PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Attributable to the owners of the company £'000	Non-controlling interests £'000	Total Equity £'000
Balance at 1 July 2015 - as restated	6,474	16,056	21	(8,902)	13,649	3,328	16,977
Total comprehensive income for the year	-	-	-	(1,109)	(1,109)	(157)	(1,266)
Issue of share capital	26	80	-	-	106	-	106
Equity settled share based payments	-	-	-	171	171	-	171
Changes in non-controlling interests	-	-	-	(166)	(166)	166	-
Balance at 30 June 2016	<u>6,500</u>	<u>16,136</u>	<u>21</u>	<u>(10,006)</u>	<u>12,651</u>	<u>3,337</u>	<u>15,988</u>
Total comprehensive income for the period	-	-	-	1,939	1,939	617	2,556
Equity settled share based payments	-	-	-	55	55	-	55
Issue of share capital	430	1,343	-	-	1,773	-	1,773
Balance at 31 December 2016	<u>6,930</u>	<u>17,479</u>	<u>21</u>	<u>(8,012)</u>	<u>16,418</u>	<u>3,954</u>	<u>20,372</u>

The accompanying notes form an integral part of these financial statements.

IRONVELD PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2016

	6 Months Ended 31.12.16 £'000	6 Months Ended 31.12.15 £'000	12 Months Ended 30.06.16 £'000
Net cash from operating activities	<u>(481)</u>	<u>(353)</u>	<u>(470)</u>
Investing activities			
Interest received	1	-	-
Purchase of exploration and evaluation assets	(500)	(409)	(821)
Contribution to exploration and evaluation assets	-	-	187
Purchases of property, plant and equipment	-	(2)	(4)
Net cash used in investing activities	<u>(499)</u>	<u>(411)</u>	<u>(638)</u>
Financing activities			
Repayment of borrowings	(360)	-	(187)
Proceeds on issue of equity (net of costs)	1,691	6	6
Net cash generated (used) in financing activities	<u>1,331</u>	<u>6</u>	<u>(181)</u>
Net increase/(decrease) in cash and cash equivalents	<u>351</u>	<u>(758)</u>	<u>(1289)</u>
Cash and cash equivalents at the start of the period	113	1,407	1,407
Effect of foreign exchange rates	(51)	(1)	(5)
Cash and cash equivalents at end of period	<u>413</u>	<u>648</u>	<u>113</u>
Note to the cash flow statement			
Operating loss	(297)	(272)	(494)
Depreciation on property, plant and equipment	6	4	8
Share based payment expense	55	43	171

Operating cash flows before movements in working capital	(236)	(225)	(315)
Movement in receivables	(109)	(139)	(109)
Movement in payables	(47)	11	(46)
Cash used in operations	(392)	(353)	(470)
Interest paid	(89)	-	-
Net cash from operating activities	(481)	(353)	(470)

The accompanying notes form an integral part of these financial statements.

IRONVELD PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Basis of preparation and accounting policies

The results for the six months to 31 December 2016 have been prepared under International Financial Reporting Standards (IFRS) as adopted by the EU and International Accounting Standards Board.

The accounting policies are consistent with those of the annual financial statements for the year ended 30 June 2016, as described in those financial statements.

The financial information does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. Full accounts of the company for the year ended 30 June 2016 on which the Auditors gave an unqualified report, have been delivered to the Registrar of Companies.

2 Loss per share

The calculation of basic and diluted loss per share is based upon the loss for the period and the weighted average number of shares in issue during the period.

	6 Months to 31.12.16 '000	As restated 6 Months to 31.12.15 '000	12 Months to 30.06.16 '000
Weighted average number of shares	343,190	325,615	326,938
Options - dilution	-	-	-
	<u>343,190</u>	<u>325,615</u>	<u>326,938</u>
	Pence	Pence	Pence
Basic loss per share - continuing	(0.11)	(0.10)	(0.18)
Basic profit/(loss) per share - discontinued	n/a	n/a	n/a
Discontinued - Diluted earnings per share	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Where the Group reports a loss for any period, then in accordance with IAS 33, the share options and warrants in issue are not considered dilutive.

3 Registered office and copies of the report

The registered office is Ironveld plc, Lakeside Fountain Lane, St Mellons, Cardiff, CF3 0FB and copies of this report are available from the registered office.

INDEPENDENT REVIEW REPORT

UHY Hacker Young Manchester LLP
St. James Building
79 Oxford Street
Manchester M1 6HT

TO IRONVELD PLC

Introduction

We have reviewed the accompanying balance sheet of Ironveld plc as at 31 December 2016 and the related statements of income, changes in equity, cash flows for the six month period then ended, explanatory notes 1 to 3 and the going concern disclosures made in the Chairman's statement. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 31 December 2016, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as applicable in the United Kingdom.

In forming our opinion on the financial information, which is not modified, we have considered the adequacy of the disclosures made in the Chairman's statement concerning the Groups ability to continue as a going concern. The Group are currently negotiating a finance package to fund the additional planned activity beyond June 2017 and this indicates the existence of a material uncertainty which may cast significant doubt about the Groups ability to continue as a going concern. The financial information does not include the adjustments that would result if the Group were unable to continue as a going concern and the directors remain confident that the finance will be arranged.

UHY Hacker Young Manchester LLP
Chartered Accountants
Manchester

29 March 2017

IRONVELD PLC**OFFICERS, ADVISORS AND AGENTS**

Directors:	Giles Clarke Peter Cox Vred von Ketelhodt Nicolas Harrison Rupert Fraser	(Chairman) (Chief Executive Officer) (Chief Financial Officer) (Non-Executive Director) (Non-Executive Director)
Secretary:	Kirsti Jane Pinnell	
Company Number:	04095614	
Registered Office:	Ironveld Plc Lakeside Fountain Lane St Mellons Cardiff CF3 0FB	
Nominated Advisor And Broker:	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU	
Solicitors:	Kuit Steinart Levy LLP 3 St Marys Parsonage Manchester M3 2RD	
Auditors:	UHY Hacker Young Manchester LLP Chartered Accountants St James Building 79 Oxford Street Manchester M1 6HT	
Bankers:	HSBC 97 Bute Street Cardiff CF10 5NA	
Registrars:	Capita IRG Plc Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	

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