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15 March 2021

Ferro-Alloy Resources Limited ('the Company' or 'FAR')

Strategic Investment by Vision Blue Resources and proposed appointment of Sir Mick Davis as Chairman

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 today entered into a subscription agreement ("Subscription Agreement") for up to US\$12.6m with Vision Blue Resources ("Vision Blue" or "VBR"), a company led and founded by former Xstrata CEO Sir Mick Davis, and a limited number of co-investors ("Co-Investors"). Sir Mick Davis will join the Company's board as Chairman following completion of the Initial Investment outlined in the Subscription Agreement. Chris Thomas, current Chairman of FAR, will resume the role of Non-Executive Director on Sir Mick Davis's appointment.

Highlights

- Total funding package of up to US\$12.6m at a subscription price of 9 pence per share (the "Issue Price") comprises:
 - An initial investment in two stages of up to US\$3.1m by VBR, a company led by Sir Mick Davis, and the Co-Investors including Tony Trahar, former CEO of Anglo American plc (the "Initial Investment")
 - Further investment rights granted to VBR of up to US\$9.5m at the Issue Price (the "Further Investment Rights")
- Transaction structure provides a pathway to VBR to acquire 21.29% of FAR for US\$11.5m of the total funding package
- Proceeds of the total funding package will be used to:
 - Complete the expansion of the existing, cashflow generating, processing facilities
 - Complete the Bankable Feasibility Study ("FS") on the Company's large scale, low cost Balasausqandiq Vanadium Project ("Balausa Project")
- Establishment of a strategic relationship with VBR through:
 - Additional future investment rights tied to construction milestones at the Balausa Project of up to US\$30m at higher share prices
 - Sir Mick Davis to be appointed Chairman of the Board
 - Offtake rights granted to VBR, upon VBR's and the Co-Investors' investment totalling in aggregate at least US\$10.0m, to purchase up to 25% of all vanadium bearing materials produced annually by the Group at market prices
 - Conditional right for VBR to make further Board Non-Executive Director appointments
 - An agreement and joint initiative to recruit additional members to the management team to ensure that the necessary skills and leadership are in place to take the Balausa Project into production.

Nick Bridgen, CEO commented:

“I am delighted to announce a multi-stage strategic investment into Ferro Alloy Resources by Vision Blue, led by Sir Mick Davis, as well as his proposed appointment as Chairman of the Board. Sir Mick brings to the Company a wealth of knowledge of the mining industry, extensive strategic experience, and relationships which will play an important role in helping the Company achieve the high value potential of the Balausa Project.

“This investment package will allow us to complete our planned expansion of the existing operation and complete the Balausa Project feasibility study. Thereafter, further investment is staged to fund the development of the main Balausa Project. With this robust backing, we can now make rapid progress on all fronts.”

Sir Mick Davis commented:

“The Ferro Alloy Resources investment case is compelling, has an attractive risk profile and many qualities that are difficult to find in other mining investment opportunities. The Balausa Project has the potential to become the lowest cost producer of vanadium globally and to deliver highly attractive returns to its shareholders. This long-life asset benefits from access to excellent existing power and logistics infrastructure and has clear potential to achieve net-negative cash production costs – a unique quality in this industry.

“The strong investment case for vanadium is clear not only from a steel demand perspective, but even more when considering the huge potential for vanadium redox batteries to play an integral role in the establishment of reliable ‘base-load’ renewable energy, capable of reducing the world’s reliance on fossil fuels. The Balausa Project is especially attractive in this respect given its production cost profile and the team’s conservative long term price assumptions.

“I would like to thank Chris Thomas for Chairing the Board over the last two years and look forward to working with him and the rest of the Board and management team following my appointment.

There are multiple near-term catalysts for the Company and I expect to see significant progress in the coming months.”

Chris Thomas, Chairman, commented:

“I am delighted to hand over to Sir Mick Davis as Chairman and, following his appointment, return to the role of Non-Executive Director.

“Mick shares the Board’s vision for the business and fully supports our plan to deliver its potential. He and his partners bring not just personal financial commitment but also deep experience of the capital markets and expertise in the vanadium sector.

“We believe Sir Mick’s involvement will accelerate the progress of the company. I am more excited than ever about the prospects for FAR and look forward to working with Sir Mick and the rest of the board to bring the Balausa Project to fruition.”

Details of the transaction

Subscription Agreement overview:

Initial Investment of up to US\$3.1m

Pursuant to the Subscription Agreement entered into between the Company, VBR, and the Co-Investors, the Initial Investment of up to US\$3.1m will be made on the following terms:

- (i) a US\$1.5 million investment will be made at completion through the issue by FAR of, in aggregate, 11,971,463 new ordinary shares ("Shares") in the Company at the Issue Price of 9 pence per Share to VBR and the Co-Investors

Completion of the subscription for Shares as part of the Initial Investment will take place on the eighth business day following the date of the agreement. Application is being made for admission of the Shares to the Official List of the FCA (Standard Segment) and trading on the London Stock Exchange's Main Market for listed securities ("Admission") which is expected to occur at 8 a.m. on or around 25 March 2021 and also to trading on the AIX with effect from the completion of the subscription. For the purpose of the Disclosure and Transparency Rules, following the subscription the enlarged issued share capital of the Company will comprise 342,560,515 ordinary shares. The Company does not hold any shares in treasury and following Admission this figure may be used by shareholders 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 Disclosure and Transparency Rules.

- (ii) a further US\$1.6 million investment will be made by VBR only through the issue of convertible loan notes ("CLN"), following the completion of certain legal formalities together with a formal legal confirmation. A further 12,769,558 Shares would be issued to VBR at the Issue Price when the notes are converted

Completion of the CLN portion of the Initial Investment, through the issue of CLNs convertible into Shares at the 9 pence per share Issue Price, is expected to take place around three weeks after Admission and Sir Mick Davis will join the board as chairman from completion of this subscription. The Company will provide a further update to shareholders at this time.

All Shares issued as part of this transaction will rank pari passu with the existing ordinary shares.

Further investment rights to VBR of up to US\$9.5m

VBR has also been granted rights, at its election, to acquire up to a further US\$9.5m of shares at the Issue Price of 9p per share through the extension of the CLN or issuance of Shares by the Company (the "Further Investment Rights"), based on the following terms:

- a) Up to US\$7.0m within a 3 month period following the later of the receipt of certain consents in Kazakhstan and Admission ("Further Investment")
- b) Up to a further US\$2.5m after completion of the FS ("FS Investment")

In the event that VBR acquires the full US\$9.5m of shares under the Further Investment Rights outlined above, a further 75,819,248 shares will be issued to VBR and VBR's shareholding would increase to 91,781,196 shares in FAR, equating to a final investment shareholding of 21.29% of FAR's enlarged total issued share capital at that time.

Use of Proceeds

The Initial Investment will allow FAR and VBR to ensure that the Company has sufficient capital to progress critical near term workstreams including further expansion and improvements to the Company's existing operations as well as fully funding the completion of the Balausa Project feasibility study. The right to invest up to US\$9.5m by way of Further Investment and the FS investment are both conditional upon VBR investing at least US\$2m (being part of the Further Investment) within three months of the later of completing the Initial Investment and receipt of the required consents to permit the conversion of the CLNs.

The CLNs are convertible at the Issue Price, subject to the receipt of any required approvals in Kazakhstan. In the meantime the CLN is neither secured, nor repayable (save in limited circumstances such as an insolvency event and if the consents are not received) nor are they interest bearing. The CLNs are being issued, rather than Ordinary Shares, to permit the relevant consents which would be needed to issue Ordinary Shares to be obtained and to avoid triggering the requirement for the Company to prepare a Prospectus which would arise if the Ordinary Shares were all issued. Subject to receipt of the relevant consents, conversion of the CLNs will occur on 3 January 2022, if not converted at the election of VBR prior to that date. If the consents have not been received within 4 months of the initial issue of CLNs or such later date as may be agreed then the CLN is repayable in cash.

Construction funding rights:

In addition to the Initial Investment and Further Investment Rights outlined above, VBR will retain the right to further invest up to US\$30m in FAR based on pre-agreed share prices. These rights will only be triggered in the event that FAR launches a process to raise capital for the construction of the Balausa Project and where the Initial Investment and the Further Investment have been exercised.

A summary of the terms are outlined below:

- a) Right to purchase US\$10m of additional shares in FAR at a share price of 25.0 pence per share, equating to a pre-money market valuation of US\$150m, at the agreed exchange rate
- b) Right to purchase US\$20m of additional shares in FAR at a share price of 78.0 pence per share, equating to a pre-money market valuation of US\$500m, at the agreed exchange rate

This structure will support FAR in raising the appropriate balance of debt and equity capital to advance the Balausa Project to construction and production and allows VBR the certainty that it will have the ability to ensure the potential equity investment necessary for the Balausa Project to enter construction would be in place for the Company at the time that an investment decision is taken to proceed with its development.

Further rights

Pursuant to the Subscription Agreement, VBR will have certain information rights, consent rights (in particular in relation to disposal and cessation of businesses) until 31 March 2022 (or if later receipt of the Consents) and thereafter for as long as it (and the Co-Investors) continues to hold in aggregate 10% or more of the shares in the Company (as if any CLNs had been converted), but terminating in March 2031 or, if earlier, when the Balausa Project has achieved an operating run rate of five thousand tonnes per annum of production of vanadium pentoxide for three consecutive months. VBR will also have a right to participate in any future debt or equity issues for an amount equal to its holding in the Company (as if any CLNs has been converted). The Subscription Agreement also contains a right to provide funding in circumstances where the Company is unable to obtain finance on satisfactory terms and to appoint a financial adviser at the joint cost of VBR and

the Company for certain debt transactions. These rights can be terminated by the Company if VBR has not provided at least \$2m of Further Investment within three months of the later of completion of the initial subscription, the issue of the CLNs and receipt of the consents. The Subscription Agreement also includes customary provisions such as warranties from the Company and the right to terminate for material breach of the agreement.

FAR has also agreed that upon at least US\$10.0m being invested pursuant to the Investment Agreement, the Company will negotiate to enter into an offtake agreement with VBR to grant VBR the right to purchase up to 25% of all vanadium bearing materials produced or offered for sale annually by the Group at market prices.

Appointment of Sir Mick Davis as Chairman of FAR:

Sir Mick Davis will be formally appointed Chairman of the FAR Board from the date of the initial US\$1.6m subscription for the CLN and has undertaken not to receive any director's fees until such time as VBR has invested at least US\$9m.

Sir Mick Davis holds a number of directorships at private companies and is a highly successful mining executive accredited with building Xstrata plc into one of the largest mining companies in the world prior to its acquisition by Glencore plc. Before listing Xstrata on the LSE as CEO he was CFO of Billiton plc and Chairman of Billiton Coal which he joined from the position of Eskom CFO.

During his career in mining he has raised almost US\$40bn from global capital markets and successfully completed over US\$120bn of corporate transactions, including the creation of the Ingwe Coal Corporation in South Africa; the listing of Billiton on the LSE; the merger of BHP and Billiton; as well as numerous transactions at Xstrata culminating in the sale to Glencore plc.

Sir Mick Davis is a Chartered Accountant by profession, and holds an honours degree in Commerce from Rhodes University, South Africa and an Honorary Doctorate from Bar Ilan University, Israel.

Further Board Appointments and Changes:

As part of the agreement with VBR, provided that a minimum of US\$2m is invested by VBR as part of the Further Investment, and then for so long as a minimum shareholding is held by VBR and the Co-Investors of at least 10% (as if any CLNs had been converted) and up to termination, VBR will have the right to nominate one additional Non-Executive Director (NED) to the Board of FAR, or two NEDs in the event that FAR has more than six Board members in total.

Chris Thomas, current Chairman of FAR, will resume the role of Non-Executive Director upon Sir Mick Davis' appointment as Chairman.

Management Enhancements:

Following the appointment of Sir Mick Davis to the Board, the Company will commence and conduct an evaluation process (in consultation with VBR) to identify and seek to recruit additional members to the management team to ensure that the management team have the necessary skills and leadership to take the Balansa Project into production following completion of the Feasibility Study.

For further information, visit www.ferro-alloy.com or contact:

ENDS

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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 "Balausa Project"); and
- b) an existing profitable vanadium concentrate processing operation (the "Existing Operation")

Balasausqandiq is a very large deposit, with vanadium as the principal product, together with numerous byproducts. Owing the nature of the ore, the capital and operating costs of development are very much lower than for other 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.

There is an existing concentrate processing operation at the site of the Balasausqandiq Deposit. The 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.

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

About Vision Blue Resources

Vision Blue was founded in December 2020 by Sir Mick Davis to identify and capture opportunities in battery and technology minerals linked to growing demand for Electric Vehicles & Energy Storage Systems.

Vision Blue will target companies in established mining jurisdictions, with well advanced assets (mostly post feasibility study) that are scalable, have low logistics and processing risks and can be brought into production rapidly. VBR aims to work with existing management teams to provide critical growth capital, technical support, experience in securing future finance, and delivery of ultimate exit strategy.