This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

28 June 2021

Ferro-Alloy Resources Limited
("Ferro-Alloy" or the "Company" or the "Group")

Final Results for the year ended 31 December 2020

Ferro-Alloy Resources Limited (LSE:FAR), the vanadium mining and processing company with operations based in Southern Kazakhstan is pleased to announce its final results for the year ended 31 December 2020.

Overview

- Increased production of vanadium pentoxide by 56% to 237 tonnes
- Revenue increased to US$2.4m (2019:US$1.8m)
- Commissioning and expansion of pyrometallurgical process line which is designed to treat a different type of concentrate from that which was previously treated creating new revenue stream
    - total capacity of the combined plant now up to 80 tonnes per month depending on the grades of concentrates treated, six times more than 2019 production
- Connection to adjacent high voltage power line complete with first power expected late July 2021
- Technological developments:
    - Conversion of ammonium metavanadate to vanadium pentoxide and trial production of vanadium pentoxide powder commenced; product is suitable for chemical uses and often attracts higher prices than standard vanadium pentoxide depending on the purity
    - Commercial production of calcium molybdate started in October 2020 with 20 tonnes of calcium molybdate (CaMoO4), containing 12 tonnes of molybdic oxide (MoO3) produced by the end of the year; a highly profitable process as provides additional recovery as a by-product from the same raw-materials
    - Developed technology to produce electolyte for vanadium flow batteries directly from ammonium metavanadate
- Scope of Feasibility Study upgrade on the Balasausqandiq vanadium project now expanded to include Phase 1 and Phase 2 which will facilitate a focussed development of the resource and more properly reflect the Company's value and potential. Publication of the expanded Feasibility Study expected mid-2022
- Covid-19 restrictions particularly affected raw-material supplies, restricted production and prevented full use of the increased capacity
- Prices of vanadium pentoxide currently c.US$8/lb

Post-Period

- Strategic long term investment by Vision Blue Resources in March 2021 with investment to date totalling $3.1m
- Further options available to Vision Blue to invest an additional $9.5 million at an agreed price of £0.09 per share, plus a further $30 million at higher prices to finance construction of Phase 1 of the Balasausqandiq vanadium project
- Strengthening of board with the appointment of Sir Mick Davis as non-executive chairman and Peet Nienaber as non-executive director
- Further US$476,000 raised in 2021 to date by the issue of bonds on AIX

Nick Bridgen, CEO, commented:

"2020 saw Ferro-Alloy continuing to make strong progress towards our main goal of developing the world-leading Balasausqandiq project. Progress has been made with the feasibility study and infrastructure improvements despite the ongoing Covid-19 pandemic which restricted deliveries of raw materials and prevented us from utilising fully the new capacity that we've added. Nevertheless, we saw a significant increase in production of vanadium pentoxide in the year and I anticipate future production to improve strongly now that raw materials have started to be delivered reliably and accumulate on site.

"In March 2021, we welcomed Vision Blue Resources as a strategic investor in the Company. Vision Blue share our view that Balasausqandiq is a truly extraordinary project with the potential to become the leading vanadium asset in the world. The strategic relationship established is significant with investment of $12.6m envisaged plus options to invest a further $30m at higher prices. We have received the Initial Investment of $3.1m and we expect Vision Blue to exercise their option to invest the next $7m imminently.

"We welcomed Sir Mick Davis to our board as non-executive chairman and Peet Nienaber and as non-executive director. Their collective experience, knowledge and relationships in the mining industry will be hugely beneficial to us.

Annual Report

The Annual Report for the year ended 31 December 2020 will be available on the Company's website shortly at www.ferro-alloy.com

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

Ferro-Alloy Resources Limited

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Further information 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 vanadium concentrate processing operation (the "Existing Operation")

Balasausqandiq is a very large deposit, with vanadium as the principal product together with numerous by-products. Owing to the nature of the ore, the capital and operating costs of development are very much lower than for other vanadium 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 to 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 concentrates and expanded. Further expansion is being undertaken which is expected to result in annualised production capacity of around 1,500 tonnes of contained vanadium pentoxide plus significant by-product molybdenum.

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

CEO's report on operations for the year to 31 December 2020 and 2021 to date

Introduction

Despite the challenges resulting from the Covid-19 pandemic and consequent economic turmoil, the Company has made significant progress towards the expansion of the existing operation and, most importantly, continued the work to put Balasausqandiq into production including the feasibility study and infrastructure development.

In March 2021 the Company entered into an Investment Agreement with Vision Blue Resources under which Vision Blue has invested $3.1m in equity and has an option to invest a further $9.5m at the agreement price of £0.09 per share plus up to a further $30m at higher prices to finance construction of Phase 1 of the Balasausqandiq vanadium project.

Production

During the year ended 31 December 2020, production of vanadium pentoxide (V2O5) amounted to 237 tonnes, some 56% above 2019. Whilst this is a very solid increase, without the disruptions experienced due to the Covid-19 pandemic and previously reported interruptions to power supply, production would have been significantly higher.

Quarter (2020)	Production of Vanadium Pentoxide (tonnes of vanadium pentoxide contained in AMV*)	Growth vs last year	Production of Molybdic Oxide (tonnes of molybdic oxide contained in calcium molybdate)
Q1	49.1	+53%	-
Q2	48.9	+25%	-
Q3	89.8	+135%	-
Q4	49.5	+15%	12.0
2020 total	**237.3**	**56%**	**12.0**

* AMV: ammonium metavanadate

The focus of the Existing Operation during 2020 was the commissioning and expansion of the new pyrometallurgical process line which is designed to treat a different type of concentrate from that which was previously treated.

In February, the second roasting oven was installed and the pyrometallurgical line completed. Over the course of the first half of the year this new process became the most important contributor to the production, bringing the total capacity of the combined plant to some 80 tonnes per month depending on the grades of concentrates treated, six times more than 2019 production. Actual production has lagged significantly behind this level as a result of both Covid-19 restrictions, which have affected both the Company and its suppliers, power supply issues which are being resolved by the commissioning of the new power line, and a mix of raw-materials including some lower grades.

It is expected that the connection to the adjacent high-voltage power-line will take place during July 2021, further details of which are set out below.

The impact of Covid-19 has been seen particularly in the more technically difficult hydrometallurgical production process which has been temporarily halted several times, primarily as a result of the inability to bring specialist staff to site. This has resulted in some five months of lost production from this part of the operation. The Company has prioritised the pyrometallurgical operations, not only because it is technically simpler, but also because the prices paid for the raw materials flex with the vanadium price so margins are less affected by low prices than for the hydrometallurgical line where the price is fixed.

The Covid-19 travel bans also made installation, commissioning and fault rectification much more difficult. The Company has, using substantially its own workforce, completed commissioning work on two of the three new press filters which would normally have required site visits from the suppliers, and completed the installation of the oven to convert ammonium metavanadate to vanadium pentoxide.

Production in the fourth quarter was disappointing, with little contribution from the hydrometallurgical line and restricted deliveries from the Company's main high-grade concentrate supplier, attributed to the effects of the Covid-19 restrictions on their operation.

Production outlook

Although the progression to higher production slowed towards the end of 2020, the equipment is now in place to achieve significantly higher production, assisted by the near-term connection to the high-voltage power-line and as the global vaccination programme starts to lessen the restrictions caused by the Covid-19 pandemic.

Supplies of raw materials continued to be restricted below contracted levels throughout the first half of 2021, attributed by suppliers to Covid-19 related restrictions and container shortages. The delayed supplies have now started to arrive and enough material is on site and in transit for over four months of production at the planned level. Contracts are in place for regular monthly deliveries which should enable the Company to maintain sufficient stocks of raw materials to avoid shortages in future.

Looking further ahead, the Company is planning to procure an electric arc furnace which can double production capacity again. This furnace has been designed, contracts agreed and will take some six months to build. The furnace will be used to produce ferro-vanadium directly from raw-material concentrates without first producing vanadium pentoxide, and it will also be used for the production of -by-product ferro-nickel, utilising the nickel content of our raw-materials which is currently sold at very low prices as a low-grade concentrate.

Other developments

Conversion of AMV to vanadium pentoxide

The equipment to convert AMV to vanadium pentoxide has been commissioned and trial production of vanadium pentoxide powder has commenced. This product is suitable for chemical uses and often attracts higher prices than standard vanadium pentoxide depending on the purity.

Calcium molybdate production

Commercial production of calcium molybdate started in October 2020, with 20 tonnes of calcium molybdate ($CaMoO_4$), containing 12 tonnes of molybdic oxide (MoO_3) produced by the end of the

year. Calcium molybdate production, although small scale, is highly profitable because it provides additional recovery as a by-product from the same raw-materials and with relatively low processing costs. The Company now has the option to source molybdenum-bearing raw-materials with molybdenum as the primary content where it is more profitable to do so.

Electrolyte for batteries

In September we reported that the Company's specialists had developed a new process for the production of electrolyte for vanadium flow batteries directly from ammonium metavanadate, a more economical process. .

Connection to high-voltage powerline

As previously reported, the Company's operations have up to now been severely impacted by the unreliability of the existing power supply with power delivered over a long distance on a low voltage line with wooden poles. It is subject to frequent unplanned outages, voltage and phase instability, and is expensive. The instability damages our equipment and causes long interruptions as restart procedures can take far longer than the power interruption.

The Company has been constructing a link to draw power from an adjacent high voltage (110kV) line, including the connection, transformers, some three km of line and necessary communications and switching. This US$2.5m project has now been completed on budget and substantially on time, but delays by the supplier of power-measurement equipment required by the owners of the line mean that first power is expected to be drawn only in late July 2021.

The new power supply will also be used for Phase 1 of the large Balasausqandiq vanadium project, although some augmentation of transformer capacity will be required.

Balasausqandiq project - feasibility study

Development of the large Balasausqandiq vanadium deposit is on-going in parallel with the Company's Existing Operations.

The main components of the feasibility study into Phase 1 of the project had already been completed as part of the locally required Kazakhstan study but parts require upgrade or further review to meet the requirements of a western bankable feasibility study. The remaining parts of the study have been significantly delayed by Covid-19 restrictions, including a prohibition on overseas specialists visiting site and an inability to export samples but the process plant design work has continued remotely by Coffey International, a Tetra Tech group company, whose work was initiated, including a site visit, before the lock-downs.

The innovative process developed and refined in our commercial demonstration plant in Kazakhstan has been adapted to produce a high purity V2O5 product from the black shale mined at Balasausqandiq. Flow sheet development, the associated mass and energy balance, and the process design criteria, are complete. In parallel Coffey International have specified confirmatory metallurgical test work that will be completed at an accredited international laboratory. The sample material has been collected and is ready to ship.

Coffey International's engineering team has specified the major mechanical equipment, designed the process areas and completed a 3D CAD model of the general arrangement of the plant. The model includes the buildings that will house the process equipment. Budget price enquiry, in support of the capital cost estimate, is underway and is approximately 50% complete.

Following the investment by Vision Blue, and consequently the greater funds expected to be available to the Company in due course, it has been decided to expand the scope of the study to include not just Phase 1 of the Group's development plans (1 million tonnes of ore treated per year) but also, so far as appropriate, Phase 2 (increase to 4 million tonnes of ore per year) and the by-product revenues. This will involve some additional drilling to upgrade ore-bodies 2, 3 and 4 to the

Indicated level (under JORC 2012) and, with the addition of mine planning, to the probable reserve standard. The Directors believe that although this will delay the publication of the feasibility study until mid-2022, it will facilitate a focussed development of the resource, more properly reflect the Company's value and potential which will result in the most optimal financing arrangements for the project.

Covid-19

The Covid-19 pandemic had a negative impact on the Company's operations in 2020. While cases started to decline towards the end of Q3 2020, Kazakhstan experienced a second wave during Q4 2020, albeit at lower levels than in Europe. Kazakhstan has maintained restrictions on visitors from overseas and implemented lock-downs on a selective basis. A third wave started in March 2021 but actions taken by the Government have prevented a major outbreak and currently, there are around one thousand cases per day.

Kazakhstan started vaccinations on 1 February 2021 using the Russian Sputnik-V vaccine and Kazakhstan QazVac vaccine. During 2021 the plan is to vaccinate some 6 million people in Kazakhstan starting with front line medical professionals followed by education providers and then higher risk individuals. The current level of vaccination is now approaching 10% of the population.

Environment & changing climate

On the 2-13 December 2019 the UN Climate Change Conference was held in Madrid. During the annual conference, countries' approaches to the implementation of actions in the field of climate change, based on the provisions of the United Nations Framework Convention on Climate Change, the Kyoto Protocol and the Paris Agreement, were agreed. Kazakhstan participated in the conference and reconfirmed that its is commitment to reduce greenhouse gas emissions by 15% by 2030 (compared with the levels of 1990). In addition, Kazakhstan is planning to develop a concept of low carbon development by 2050 which is expected to be finalised and published in June 2021.

During 2020, the Company's operations emitted 24.21 tonnes of carbon oxides, compared with the permitted level of 50.33 tonnes during the year. The Company will be reviewing the Government report on low carbon development after its publication and will develop its strategy related to Climate Change accordingly while ensuring that it is in line with leading international practice.

Product prices

At the start of 2020 the price of vanadium pentoxide in Europe was a little over US$5/lb, having fallen from around US$16/lb at the start of 2019 and a high of US$29/lb in late 2018. The fall from the exceptionally high levels of 2018 had been expected but overshot and remained below historic average prices throughout 2020, most likely as a result of reduced world-wide construction during the Covid-19 pandemic. The price has been rising since the start of 2021 and is now at over US$8.00 per lb.

The Directors expect demand in the longer-term to be strong for a number of reasons:

- Post Covid-19 stimulus infrastructure development expected around the world, especially with the stimulus programme in the USA, causing a significant rise in consumption of vanadium-containing structural steel;
- Increasing use of vanadium for micro-alloying of steel, enabling smaller sections to be used to obtain the same strength and thereby reducing the CO2 emissions caused by construction;

- Growing penetration of vanadium redox flow batteries for long-term grid energy storage; and

Whilst this demand can be met from vanadium projects currently under evaluation, the cash cost of production of this new capacity and the associated capital costs implies the need for a significantly higher vanadium price than today's, giving an expectation that the price will need to rise before such projects become financeable. By contrast, the Company's Balasausqandiq deposit is expected to be able to produce vanadium pentoxide at a cost of less than half that of other primary producers.

The Group reported revenues of US$2.4m for the period compared to US$1.8m in 2019, reflecting the considerable increase in production and shipping.

Revenue, and the corresponding trade receivable, are recognised at the time of transfer of control to the customer but, as is common in the industry, the final price determination is often based on assay and prices after arrival of the goods at the port of destination. Therefore, revenues recognised at the time of shipment are subject to adjustment to prices prevailing up to four months later. Typically, the customer makes a provisional payment based on volumes, quantities and spot prices at the date of shipment and makes a final payment once the product has reached its final destination. As a result, when prices are rising, the final receipt can exceed the initial revenue recorded and vice versa. Where prices decrease significantly, this can result in the Company being in a net payable position if a downward adjustment to the consideration exceeds the provisional payment received.

Amounts receivable from or payable to customers for sales which are still subject to final price determination are initially recorded at the estimated fair value at the time of shipment, with changes in fair value recorded as other revenue. Changes in this fair value during the year and, for those sales where the final determination has not been made, fair values assessed on the basis of prices prevailing at the year end, increased revenue by US$0.07m to US$2.37m (2019: decrease by US$0.55 to US$1.84m). In periods of rising prices this adjustment would be expected to be positive and in the long run such pluses and minuses can be expected to even out. The final price determinations made after the end of 2020 in respect of sales made before the end of the year were not significantly different from the fair value assessed at the end of the year.

US$000	2020	2019
Revenue from shipments recorded at the price at time of dispatch	2,300	2,391
Adjustments to revenue after final price determination and fair value changes	73	(550)
Revenue	2,373	1,841

Cost of sales increased to US$3.8m from US$3.2m in 2020 primarily reflecting the increased volumes and increases in the price of the vanadium concentrate purchased at the high prices prevailing in 2019 and utilised in 2020. The largest part of cost of sales is the purchase of raw materials, the price for which is determined as a percentage of the value of the content of vanadium at prices prevailing at the time of purchase. Since such materials are purchased up to several months before processing, and sales price determination is made several months after shipment, the prices used as a basis for the calculation of raw material prices were significantly higher than the price used as a basis for product sales. This means that the operating margin was squeezed as prices were kept low in 2020. Again, during times of rising prices this effect would be reversed and is likely to even out in the long term as prices move up and down.

Administrative expenses of US$2.2m (2019: US$1.8m) principally comprised employee costs, listing costs, audit and professional services. The costs directly relating to the listing on the London Stock Exchange amounted to US$0.103m (2019: US$0.304m).

Net finance costs were US$0.133m (2019: net finance costs US$0.183m) as a result of the tenge devaluation and sales in USD and RUR. US$0.03m costs are related to bonds' coupons.

The Group made a loss before tax of US$3.94m (2019: loss before tax of US$3.34m).

Net cash outflows from operating activities totalled US$1.3m (2019: US$4.5m) with the reduction principally reflecting tight management of working capital. Changes in trade receivables increased to US$0.1m (2019: minus US$0.4m). Changes in trade payables increased to US$0.5m (2019: minus US$0.4m) by making payment terms with suppliers of raw materials more favourable for the Company and change in inventory which generated a cash inflow of $1.0m (2019: $1.0m outflow).

Net cash outflows from investing activities totalled US$1.1m (2019:US$2.3m) and included US$0.73m (2019:US$2.3m) of capital expenditure associated with expanding the processing operation and US$0.33 (2019: nil) of expenditure on the feasibility study for the exploration and evaluation asset.

Net cash inflows from financing activities included subscriptions for shares amounting to US$1.6m and bonds amounting to US$0.9m.

The Group had cash of US$0.707m at 31 December 2020 (2019: US$0.648m).

Key performance indicators

The Group is in a period of development and its current operations, the processing of bought-in secondary vanadium-containing materials for extraction of vanadium, are relatively small in comparison with the main objective of the Group to develop the Balasausqandiq mine and processing facility. Moreover, the current operations are themselves undergoing a significant expansion which means that operations are not in a steady state capable of meaningful inter-period comparisons. The directors are therefore of the opinion that Key Performance Indicators may be misleading if not considered in the context of the development of the operation as a whole for which the information for shareholders is better given in a descriptive manner than in tabular form.

Furthermore, the existing processing business of the company is complex and the business model has been developed to allow maximum flexibility in the type of raw-materials treated so that market variations in raw material prices can be moderated by the ability to select raw materials which may be more profitable to treat notwithstanding they be of lower grade and result in a lower level of production. Nevertheless, the directors consider that the main indicator of performance, although subject to interpretation as described above, is the level of production. This has been dealt with in the section "Production" above.

Environmental matters are of paramount importance to the Group. Up to this date most of the residues from the main raw materials treated have been used for the construction of evaporation ponds and the Company has started to produce low grade nickel concentrate as by-product from the residues of high grade vanadium concentrate and signed long term contract for selling it. As a result no residues from the production of ammonium metavanadate, calcium molybdate and low grade nickel concentrate are left. No significant mining operations have yet been carried out but plans are being developed at an early stage to ensure the highest standards for site rehabilitation at the sites of future mining.

Balance sheet review

Total non-current assets increased to US$5.101m from US$5.089m principally due to the capitalisation of the feasibility study as exploration and evaluation assets. The increase in prepayments for equipment is largely related to prepayments made for construction of the new Power Line (US$1m).

Current assets decreased from US$2.47m to US$1.66m, principally reflecting decrease in inventory.

Corporate

On 28 March 2019 the Company was admitted to listing on the London Stock Exchange, raising £5.2m gross, equivalent to US$6.9m, or US$6.6m net of issue costs. The Company listed on the new Astana International Stock Exchange (AIX) on 6 January 2020 and consequently delisted from the Kazakhstan stock exchange (KASE) on 21 February 2020.

During 2020 the Company raised equity finance of US$1.7m (US$1.6m after expenses) and issued bonds to the value of US$0.9m. Since the start of 2021 the Company has raised US$475,829 from further issues of 242 bonds, with 58 issued in February and a further 184 issued on 12 March 2021. All the bonds have been issued on the Astana Stock Exchange ("AIX") with a nominal value of US$2,000 each, have a coupon of 5.8% payable twice-yearly, are unsecured and are repayable on 17 March 2023. Some of the bonds issued in 2020 (256) had an early redemption right for the holders. Each issue is made at a premium or discount as negotiated at the time of issue.

On the 7 June 2021, pursuant to the Investment Agreement signed in March 2021, Vision Blue Resources invested a further US$1.6m in equity in addition to the investment of US$1.5m already made.

During 2020 the Group's main operating company in Kazakhstan was audited by the tax authorities for the purpose of receiving a reimbursement of excess VAT for the period from 2015 to 31 March 2020. Following the completion of the audit, a repayment of 116,000,000 KZT (approximately US$276,000) was received. VAT of $301,000 was written off as non-refundable. During 2020 VAT receivables increased by $230,000, mainly due to VAT on imports and a reduction of $101,000 in the VAT receivable was made to reflect a decision by the tax authorities, resulting to the ending balance of $205,000. In 2021 the Company applied for a refund of this amount. It is expected that VAT receivable will be reimbursed on a quarterly basis.

Description of principal risks, uncertainties and how they are managed

(a) Current processing operations:

Current processing operations make up a small part of the Group's expected future value but provide useful cash flows in the near term and allow the group to gain valuable experience of the vanadium industry. The principal risk of this operation is the price of its product, vanadium. The price of vanadium pentoxide is volatile and rose from historic lows at the beginning of 2016 to a near-record high of nearly US$30/lb near the end of 2018. Currently, the price of vanadium pentoxide is at around US$8.00/lb which is close to the ten-year average to date. Most forecasters anticipate that vanadium will be in deficit in the short to medium term, resulting in some increase in current prices, and will return to the long-run marginal cost of production in the longer term which may be substantially higher. The Company acquires raw-materials at a cost that is related to the price of vanadium so there is a natural hedge but there is a risk of changes in vanadium prices between the time of acquisition of the raw materials and sale of the product which cannot be entirely avoided.

The processing operation is also dependent on the continuing availability of raw materials which are subject to competition from other processors. The Company is mitigating this risk by positioning itself to treat a wide variety of potential raw-materials and maintaining low treatment costs.

The level of profitability of the current processing operation is also dependent on production levels sufficient to generate profits to cover fixed overheads. The level of production could be impacted by unanticipated production difficulties, power outages and raw-material delivery limitations. The Company aims to keep a stockpile of raw-materials and has installed a larger capacity generator to maintain production during outages.

The Company is currently carrying out an expansion project which will lower the average cost of production and as part of this project, will be connecting to a larger capacity and more reliable power supply as described above. Although a substantial part of this expansion has already been completed, the plans include completion of the link to the adjacent high voltage powerline and the installation of an electric arc furnace. The full benefits of the expansion depend upon the raising of sufficient finance and the successful completion of these projects.

(b) Covid-19:

There remains a risk that the Covid-19 crisis worsens in Kazakhstan. This could cause further disruption to supply-lines, staffing and subcontractors as has already occurred, but it is also possible that a case might arise on site requiring a temporary shutdown of operations and create further pricing volatility. In addition, Covid-19 may impact the availability of finance or the terms which are available. Whilst it is not possible to guard against this, the Company continues to take all recommended precautions and will aim to maintain higher than normal stores of essential supplies on site. In terms of funding, cash flows are monitored on a continuous basis to enable the Company to take proactive measures to safeguard liquidity.

(c) Financing risk:

The Company is in stronger financing position relative to the prior year. In March of 2021 the Company signed an investment agreement with Vision Blue Resources. Under the terms of this agreement, an initial investment of $3.1m has been made which will fund capital projects and Vision Blue has the right to subscribe further amounts which, if exercised, will bring the total up to $12.6m. Since the current share price is greatly in excess of the option price, the directors expect this investment to be made. However, as detailed in note 1, a material uncertainty in respect of going concern is considered to exist as a result of the risks and uncertainties associated with Covid-19.

(d) Climate change risk:

On the 2-13 December 2019 the UN Climate Change Conference was held in Madrid. During the annual conference, countries' approaches to the implementation of actions in the field of climate change, based on the provisions of the United Nations Framework Convention on Climate Change,

the Kyoto Protocol and the Paris Agreement, were agreed. Kazakhstan participated in the conference and reconfirmed that as a part of the international community focusing on reducing risk of climate change it is committed to reduce greenhouse gas emissions by 15% by 2030 (from the levels of 1990). Additionally, Kazakhstan is planning to develop a concept of low carbon development by 2050 which is expected to be finalised and published during June 2021.

The Company is following the development of Government strategy in relation to the Global Climate Change. During 2020 the Company emitted 24.21 tonnes of carbon oxides compared with the permitted level of 50.33 tonnes. The Company will be reviewing the Government concept of low carbon development after its publication and will develop its strategy related to Climate Change accordingly.

(e) Risks associated with the developing nature of the Kazakhstan economy:

According to the World Bank, Kazakhstan has transitioned from lower-middle-income to upper-middle-income status in less than two decades. Kazakhstan's regulatory environment has similarly developed and the Company believes that the period of rapid change and high risk is coming to an end. Nevertheless, the economic and social regulatory environment continues to develop and there remain some areas where regulatory risk is greater than in developed economies.

(f) Balasausqandiq project:

The Balasausqandiq project is a much larger contributor to the Group's value than current operations and is primarily dependent on long term vanadium prices. The Company's long-term assumption is US$7.50/lb of vanadium pentoxide, but the forecast low cost of production means that the project would remain profitable at lower price levels.

The project is also dependent on raising finance to meet capital costs anticipated to amount to in excess of US$100m for the first phase. Raising this money will be dependent on the successful outcome of the western bankable feasibility study which is ongoing. The favourable financial and other characteristics of the project determined by studies so far completed give the directors confidence that the outcome of the study will be successful. Initial discussions with the providers of finance, including with the Development Bank of Kazakhstan for which our project has passed through initial screening, have been encouraging.

Signed on behalf of the Board of Directors

on 25 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	2020 $000	2019 $000
Revenue from customers (pricing at shipment)	2,300	2,391
Other revenue (adjustments to price after delivery and fair value changes)	73	(550)
Total revenue	2,373	1,841
Cost of sales	(3,779)	(3,178)
Gross loss	**(1,406)**	**(1,337)**
Other income	8	70
Administrative expenses	(2,233)	(1,841)
Distribution expenses	(178)	(42)
Other expenses	-	(9)
Loss from operating activities	**(3,809)**	**(3,159)**
Net finance costs	(133)	(183)
Loss before income tax	**(3,942)**	**(3,342)**
Income tax	(2)	-
Loss for the period	**(3,944)**	**(3,342)**
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(528)	31
Total comprehensive (loss) income for the period	**(4,472)**	**(3,311)**
Loss per share (basic and diluted), US$	(0.012)	(0.011)

Consolidated Statement of Financial Position as at 31 December 2020

	31 December 2020 $000	31 December 2019 $000
ASSETS		
Non-current assets		
Property, plant and equipment	2,800	3,206
Exploration and evaluation assets	813	59
Intangible assets	21	24
Long-term VAT receivable	-	652
Prepayments	1,467	1,148
Total non-current assets	**5,101**	**5,089**
Current assets		
Inventories	694	1,750
Trade and other receivables	205	35
Prepayments	52	38
Cash and cash equivalents	707	648
Total current assets	**1,658**	**2,471**
Total assets	**6,759**	**7,560**
EQUITY AND LIABILITIES		
Equity		
Share capital	35,606	33,965
Additional paid-in capital	397	397
Foreign currency translation reserve	(3,462)	(2,934)
Accumulated losses	(28,561)	(24,617)
Total equity	**3,980**	**6,811**
Non-current liabilities		
Loans and borrowings	412	-
Provisions	47	64
Total non-current liabilities	**459**	**64**
Current liabilities		
Loans and borrowings	524	-
Trade and other payables	1,736	626
Payables at FVTPL	60	59
Total current liabilities	**2,320**	**685**
Total liabilities	**2,779**	**749**
Total equity and liabilities	**6,759**	**7,560**

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Share capital $000	Share premium $000	Additional paid in capital $000	Foreign currency translation reserve $000	Accumulated losses $000	Total $000
Balance at 1 January 2019	27,330	-	380	(2,965)	(21,275)	3,470
Loss for the year	-	-	-	-	(3,342)	(3,342)
Other comprehensive expense						
Exchange differences arising on translation of foreign operations	-	-	-	31	-	31
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**31**	**(3,342)**	**(3,311)**
Transactions with owners, recorded directly in equity						
Shares issued, net of issue costs	6,635	-	-	-	-	6,635
Warrants issued	-	-	17	-	-	17
Balance at 31 December 2019	**33,965**	**-**	**397**	**(2,934)**	**(24,617)**	**6,811**
Balance at 1 January 2020	33,965	-	397	(2,934)	(24,617)	6,811
Loss for the year	-	-	-	-	(3,944)	(3,944)
Other comprehensive income						
Exchange differences arising on translation of foreign operations	-	-	-	(528)	-	(528)
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**(528)**	**(3,944)**	**(4,472)**
Transactions with owners, recorded directly in equity						
Shares issued, net of issue costs (note 20)	1,641	-	-	-	-	1,641
Balance at 31 December 2020	**35,606**	**-**	**397**	**(3,462)**	**(28,561)**	**3,980**

Consolidated Statement of Cash Flows for the year ended 31 December 2020

	2020 $000	2019 $000
Cash flows from operating activities		
Loss for the year	**(3,944)**	**(3,342)**
Adjustments for:		
Depreciation and amortisation	431	428
Loss on write-off of property, plant and equipment plant,	-	(18)
Loss on write-off of VAT non-refundable	301	-
Loss on write-off of prepayments	7	-
Loss on write-off of receivables	15	
Write-down of inventories to net realisable value and obsolescence provision	-	208
Expenses on credit loss provision	15	-
Share payments and issuance of call option	75	17
Income tax	2	-
Net finance costs	133	183
Cash from operating activities before changes in working capital	**(2,965)**	**(2,524)**
Change in inventories	1,044	(989)
Change in trade and other receivables	90	(442)
Change in prepayments	(25)	53
Change in trade and other payables	517	(369)
Change in payables at FVTPL	7	(205)
Net cash from operating activities	**(1,332)**	**(4,476)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(733)	(2,337)
Acquisition of exploration and evaluation assets	(326)	
Acquisition of intangible assets	(1)	(1)
Proceeds from disposal of property, plant and equipment	-	18
Net cash used in investing activities	**(1,060)**	**(2,320)**
Cash flows from financing activities		
Proceeds from issue of share capital	1,649	6,939
Transaction costs on shares subscription	(82)	(304)
Proceeds from borrowings	924	-
Interests paid	(19)	-
Net cash from financing activities	**2,472**	**6,635**
Net increase in cash and cash equivalents	**80**	**(161)**
Cash and cash equivalents at the beginning of year	648	892
Effect of movements in exchange rates on cash and cash equivalents	(21)	(83)
Cash and cash equivalents at the end of year	**707**	**648**

Notes to the consolidated financial statements for the year ended 31 December 2020

The financial information for the year ended 31 December 2020 and 31 December 2019 set out in this announcement does not constitute the Company's statutory financial statements for the year ended 31 December 2020 but is extracted from the audited financial statements for those years. The 31 December 2019 accounts have been delivered to the Registrar of Companies. The statutory financial statements for 2020 will be delivered to the Registrar of Companies in due course. The auditors have reported on the financial statements for the year ended 31 December 2020 and their report was unqualified but did contain a material uncertainty in relation to going concern.

1 Basis of preparation

Ferro-Alloy Resources Limited (the "Company") is incorporated in Guernsey and has its registered address at Noble House, Les Baissieres, St. Peter Port, Guernsey, GY1 2UE. The consolidated financial statements for the year ended 31 December 2020 comprise the Company and the following subsidiaries (together referred to as the "Group"):

Company	Location	Company's share in charter capital	Primary activities
Ferro-Alloy Products Limited	British Virgin Islands	100%	Dormant since 4 January 2021
Energy Metals Limited	UK	100%	Manages processing activity and performs management service
Vanadium Products LLC	Kazakhstan	100%	Performs services for the Group
Firma Balausa LLC	Kazakhstan	100%	Production and sale of vanadium and associated by-products
Balausa Processing Company LLC	Kazakhstan	100%	Development of processing facilities

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by EU ("IFRSs").

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except as otherwise noted below.

(c) Functional and presentation currency

The national currency of Kazakhstan is the Kazakhstan tenge ("KZT) which is also the functional currency of the Group's operating subsidiaries. The functional currency of the Company is US$.
The presentation currency of the consolidated financial statements is US$.

(d) Going concern

The consolidated financial statements are prepared in accordance with IFRS on a going concern basis.

The Directors have reviewed the Group's cash flow forecasts for a period of at least 12 months from the date of approval of the financial statements, together with sensitivities and mitigating actions. In addition, the Directors have given specific consideration to the continued risks and uncertainties associated with the COVID-19 pandemic and considered reverse stress test scenarios to assess the potential impact on liquidity in line with recent guidance.

On 8 February and 12 March 2021 the Company issued bonds for consideration totalling $476,000 with a three-year maturity term, bearing interest of 7.0%, payable twice-yearly.

The Company signed an investment agreement with Vision Blue Resources and their co-investors on 15 March 2021. In pursuit of this agreement, on 19 March 2021, the Company issued 24,741,021 ordinary shares for cash at a price of 9 pence per share to raise $3.1m to finance the further expansion of the existing process plant and completion of the bankable feasibility study. The Initial Investment by Vision Blue has been completed by June 2021. A further investment of $7m is anticipated to be received imminently with discussions at an advanced stage with Vision Blue for $4.2m to be received as a nil coupon convertible loan note and $2.8m to be received through an equity subscription. Additionally, a further $2.5m will be invested at Vision Blue's option two months after the feasibility study for the development of Phase 1 of the Balasausqandiq project is released – expected around the end of this year. These funds will be sufficient to bring the existing processing factory to the level of 1500 tonnes of V2O5 production per year, generating forecast cash flow of up to $10m per year. In addition, the investments will be used for finalising the Western Bankable Feasibility Study.

Although the remaining funds to be invested remains at the option of Vision Blue Resources and therefore cannot be guaranteed, in view of the current share price which is substantially in excess of the agreed exercise price and advanced discussions with Vision Blue, the Directors are confident that the $7m funding will be received imminently and the further $2.5m investment will be made.

The agreement also provides for further investments at higher share prices to be made at the option of Vision Blue Resources to finance the construction of the Phase 1 project, but these further options are likely to come beyond the time under consideration for current Going Concern purposes.

For the purpose of making an assessment of going concern, the cash flow forecasts reviewed by the Board exclude funding which is not contractually committed and also exclude discretionary expenditure in relation to the capital developments and associated production enhancements. The Group's forecasts indicate that at current vanadium pentoxide and molybdic oxide prices and the planned production levels that the Group will generate sufficient cash flows to meet operational costs and maintain liquidity. Whilst the Group plans to continue its expansion of the existing processing facilities the required capital expenditure, which is discretionary or can be deferred without significant penalty, will require the additional funding above.

Notwithstanding that the current cash position and forecast operational cash flow in the base case and the relatively low number of COVID-19 cases and fatalities to date in Kazakhstan compared to other countries, the further potential impact on the Group of the pandemic remains inherently uncertain. There is further potential for volatility in commodity prices, supply chain disruption, mine site workforce rotations and travel to the mine site if the pandemic escalates. Stress test scenarios indicate that in the event of a sustained further period of restrictions impacting production levels or a significant reduction in vanadium pentoxide price additional funding would be required. In case of a reduction in vanadium pentoxide prices from $7.5/lb to 5.55/lb and molybdic oxide prices from $11.97/lb to $8.86/lb additional funding would be required in December 2021.

After review of these forecasts and scenarios the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future based on the recent funds raised and operational cash flow generation of the processing operations at forecast prices. The Directors anticipate completion of the anticipated $7m funding from Vision Blue shortly which would, having considered the forecasts and COVID-19 stress case scenarios above, provide adequate headroom. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

However, at the date of approval of these financial statements, until such time as the anticipated $7m funding is received, the potential future impact of COVID-19 and the resulting requirement for funding should such possible adverse scenarios materialise indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

2 Use of estimates and judgements

Preparing the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Carrying value of processing operations

Given the remaining low in vanadium pentoxide prices in the period, the Directors have tested the processing operations PP&E for impairment (note 12) at 31 December 2020. In doing so, net present value cash flow forecasts were prepared using the fair value less cost to develop method which required key estimates including vanadium pentoxide and molybdic oxide prices, production including the impact of ongoing and planned expansion together with costs and discount rate. Key estimates included:

- Production volumes of 48 tonnes per month of vanadium pentoxide from pyrometallurgical line and 86 tonnes per month of vanadium pentoxide from electrometallurgical line from 2022 with flat production thereafter.
- Average prices of vanadium pentoxide of US$7.5/lb and molybdic oxide of US$11.97/lb in 2021 and thereafter, reflecting management estimates having consideration of market commentary less a discount, and used by the Company as a long-term assumption for other planning purposes.
- Further capital development costs of US$7.6m.
- Discount rate of 10% post tax in real terms.

Based on the key assumptions set out above, the recoverable amount of PP&E ($48m) exceeds its carrying amount ($2.8m) by $45m and therefore PP&E were not impaired.

Sensitivity analysis

Any impairment is dependent on judgement used in determining the most appropriate basis for the assumptions and estimates made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions has therefore been provided below.

The impact on the impairment calculation of applying different assumptions to vanadium pentoxide prices, production volumes, future capital expenditure and post-tax discount rates, all other inputs remaining equal, would be as follows:

		Increase/(decrease) in headroom $'000
Impact if vanadium pentoxide prices:	increased by 30%	30,143
	reduced by 30%	(30,143)
Impact if production volumes:	increased by 10%	10,006
	decreased by 10%	(10,006)
Impact if future capital expenditure:	increased by 20%	(4,661)
	reduced by 20%	4,661
Impact if post-tax discount rate:	increased by 2 percentage points	(7,371)
	decreased by 2 percentage points	9,264

Fair value of trade receivables and payables classified at fair value through profit and loss (note 24)

The consideration receivable in respect of certain sales for which performance obligations have been satisfied at year end and for which the Group has received prepayment under the terms of the sale agreements, remain subject to pricing adjustments with reference to market prices in the month of arrival at the port of final destination for AMV and month of shipment from the port for calcium molybdate. Under the Group's accounting policies, the fair value of the consideration is determined and the remaining receivable is adjusted to reflect fair value, or, if the final estimated consideration is lower than the amounts received prior to the year end, a payable at FVTPL is recorded. In the absence of forward market prices for the commodity, management estimated the forward price based on: a) spot market prices for vanadium pentoxide and molybdic oxide at 31 December 2020 less applicable deductions for AMV or calcium molybdate; b) foreign exchange rates; c) risk free rates and d) carry costs when material.

As at 31 December 2020 the Group recognised a payable at FVTPL of US$0.06m (2019: payable at FVTPL US$0.059m).

Inventories (note 16)

The Group holds material inventories which are assessed for impairment at each reporting date. The assessment of net realisable value requires consideration of future cost to process and sell and spot market prices at year end less applicable discounts. The estimates are based on market data and historical trends.

Exploration and evaluation assets (note 13)

The Group holds material exploration and evaluation assets and judgment is applied in determining whether impairment indicators exist under the Group's accounting policy. In determining that no impairment indicator exists management have considered the Competent Person's Report on the asset, the strategic plans for exploration and future development and the status of the licence. Judgment was required in determining that the application for deferral of obligations under the licence (note 26) will be granted and management anticipate such approvals being provided given the impact of Covid-19, their understanding of the Kazakh market and plans for the asset.

3 Revenue

	2020 $000	2019 $000
Revenue from sales of vanadium products	2,197	2,376
Revenue from sales of molybdate calcium	68	-
Sales of gravel and waste rock	8	15
Service revenue	27	-
Total revenue from customers under IFRS 15	**2,300**	**2,391**
Other revenue - change in fair value of customer contract	73	(550)
Total revenue	**2,373**	**1,841**

Vanadium and molybdenum products

Under certain sales contracts the single performance obligation is the delivery of AMV or calcium molybdate to the designated delivery point at which point possession, title and risk on the product transfers to the buyer. The buyer makes an initial provisional payment based on volumes and quantities assessed by the Company and market spot prices of vanadium pentoxide for AMV and molybdic oxide for calcium molybdate at the date of shipment. The final payment is received once the product has reached its final destination with adjustments for quality / quantity and pricing. The final pricing is based on the historical average market prices during a quotation period based on the date the product reaches the port of destination for AMV and the month of shipment from the port for calcium molybdate and an adjusting payment or receipt will be made to the initially received revenue. Where the final payment for a shipment made prior to the end of an accounting period has not been determined before the end of that period, the revenue is recognised based on the spot price that prevails at the end of the accounting period.

Other revenue related to the change in the fair value of amounts receivable and payable under the sales contracts between the date of initial recognition and the period end resulting from market prices are recorded as other revenue. Refer to note 17 and 24 for details of trade receivables and payables at FVTPL recorded in 2020 and 2019.

The Company has started production and sales of calcium molybdate in the end of 2020. The amount is not yet significant but the product is demanded by the market.

4 Loans and borrowings

In 2020 the Company issued unsecured corporate bonds with effective interest rates of 7.5%, 7.0% and 5.8%. Investors have subscribed for a total of 464 of the Company's bonds with a nominal value of US$2,000 each but are issued at a premium or discount to achieve the effective interest rates agreed. The bonds are unsecured, have a three-year term, and bear the coupon rate of 5.8%, paid twice-yearly. The bonds have been listed on AIX with identifier FAR.0323 and ISIN number KZX000000336. The investors in certain bonds have the right to receive early repayment after a minimum period of 12 months.

	31 December 2020 $000	31 December 2019 $000
Non-current liabilities		
Bonds payable	412	-
	412	**-**
Current liabilities		
Bonds payable (early repayment rights)	512	-
Interest payable	12	-
	524	**-**

Terms and conditions of outstanding bonds in 2020 were as follows:

USD	Currency	Effective interest rate	Nominal amount	Actual amount	Coupon rate	Coupon paid	Interest
Bonds payable	USD	7.5%	506	504	5.8%	10	16
Bonds payable	USD	7.0%	402	400	5.8%	9	14
Bonds payable	USD	5.8%	20	20	5.8%	-	1
			928	**924**		**19**	**31**

During 2020 the Group sold bonds to subscribers and received cash from subscribers in the total amount of USD 924,000 (2019: $nil).

Details of tranches of the bonds

Tranche date	Bond denomination	Actual price per bond	Number of bonds	Nominal amount	Actual amount	Earliest repayment date	Maturity date
05.06.2020	2000	2000	50	100,000	100,000	05.07.2021	17.03.2023
11.06.2020	2000	2000	100	200,000	200,000	17.03.2023	17.03.2023
01.09.2020	2000	2053	5	10,000	10,264	01.10.2021	17.03.2023
09.09.2020	2000	2001	150	300,000	300,114	09.10.2021	17.03.2023
30.09.2020	2000	1951	26	52,000	50,717	17.03.2023	17.03.2023
10.11.2020	2000	1985	51	102,000	101,229	10.12.2021	17.03.2023
23.11.2020	2000	2021	5	10,000	10,105	17.03.2023	17.03.2023
14.12.2020	2000	1958	52	104,000	101,833	17.03.2023	17.03.2023
22.12.2020	2000	1981	25	50,000	49,537	17.03.2023	17.03.2023
Total				**928,000**	**923,799**		

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below.

Loans and borrowings	**2020 $000**	**2019 $000**
At 1 January	-	-
Cash flows:		
-Interest paid	(19)	-
-Proceeds from loans and borrowings	924	-
Total	**905**	**-**
Non-cash flows		
- Interest accruing in period	33	-
- Bond discount/premium	(2)	
At 31 December	**936**	**-**

5 Property, plant and equipment

	Land and buildings $000	Plant and equipment $000	Vehicles $000	Computers $000	Other $000	Construction in progress $000	Total $000
Cost							
Balance at 1 January 2019	1,611	1,836	426	23	75	474	4,445
Additions	2	183	157	15	28	1,053	1,438
Transfers	62	28	-	-	-	(90)	-
Disposals	-	(48)	-	-	-	-	(48)
Foreign currency translation difference	12	15	4	1	1	8	41
Balance at 31 December 2019	**1,687**	**2,014**	**587**	**39**	**104**	**1,445**	**5,876**
Balance at 1 January 2020	1,687	2,014	587	39	104	1,445	5,876
Additions	-	28	10	1	5	255	299
Foreign currency translation difference	(158)	(189)	(56)	(4)	(10)	(140)	(557)
Balance at 31 December 2020	**1,529**	**1,853**	**541**	**36**	**99**	**1,560**	**5,618**
Depreciation							
Balance at 1 January 2019	581	1,335	282	12	32	-	2,242
Depreciation for the period	53	312	46	6	9	-	426
Disposals	-	(14)	-	(1)	(2)	-	(17)
Foreign currency translation difference	5	12	2	-	-	-	19
Balance at 31 December 2019	**639**	**1,645**	**330**	**17**	**39**	**-**	**2,670**
Balance at 1 January 2020	639	1,645	330	17	39	-	2,670
Depreciation for the period	51	294	42	7	12	-	406
Foreign currency translation difference	(61)	(160)	(32)	(2)	(3)	-	(258)
Balance at 31 December 2020	**629**	**1,779**	**340**	**22**	**48**	**-**	**2,818**
Carrying amounts							
At 1 January 2019	**1,030**	**501**	**144**	**11**	**43**	**474**	**2,203**
At 31 December 2019	**1,048**	**369**	**257**	**22**	**65**	**1,445**	**3,206**
At 31 December 2020	**900**	**74**	**201**	**14**	**51**	**1,560**	**2,800**

During 2020 depreciation expense of US$380 thousand (2019: US$394 thousand) has been charged to cost of sales, excluding cost of finished goods that were not sold at year-end, US$25 thousand (2019: US$ 26 thousand) – to administrative expenses, and US$1 thousand has been charged to cost of finished goods that were not sold at the year-end (2019: US$25 thousand). Construction in progress relates to upgrades to the processing plant associated with the expansion of the facility.

The Company is planning to procure an electric arc furnace which will be used in production of ferro-vanadium and ferro-nickel. This furnace has been designed, contracts agreed and will take some six months to build once the order is placed.

6 Exploration and evaluation assets

The Group's exploration and evaluation assets relate to Balasausqandiq deposit. During the year ended 31 December 2020 the Group capitalised the expenses on services of Coffey Geotechnics Ltd regarding development of a feasibility study as exploration and evaluation assets (in 2019: US$Nil). As at 31 December 2020 the carrying value of exploration and evaluation assets was US$0.8m (2019: US$0.059m).

	2020 **$000**	**2019** **$000**
Balance at 1 January	59	59
Additions (feasibility study)	770	-
Change in estimate (asset restoration obligation)	(14)	-
Foreign currency translation difference	(2)	-
Balance at 31 December	**813**	**59**

7 Inventories

	31 December 2020 $000	31 December 2019 $000
Raw materials and consumables	434	1,575
Finished goods	75	172
Work in progress	185	-
Goods in transit	-	3
	694	**1,750**

During 2020 inventories expensed to profit and loss amounted to $2,580 thousand (2019: $1,756 thousand)

8 Prepayments

	31 December 2020 $000	31 December 2019 $000
Non-current		
Prepayments for equipment	1,467	1,148
	1,467	**1,148**
Current		
Prepayments for goods and services	52	38
	52	**38**

The prepayments for equipment is related mainly to high-voltage powerline connection. For more details see Report on production.

9 Equity

(a) Share capital

Number of shares unless otherwise stated	**Ordinary shares**	
	31 December 2020	**31 December 2019**
Par value	-	-
Outstanding at beginning of year	312,978,848	305,471,087
Shares issued	17,610,204	7,507,761
Outstanding at end of year	**330,589,052**	**312,978,848**

Ordinary shares

All shares rank equally. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 6 January 2020 the Company's shares were admitted to listing on the Astana International Stock Exchange (AIX).

From 23 January 2020 the Company's shares were delisted from the Kazakh Stock Exchange (KASE).

During 2020 the Company issued 16,846,154 ordinary shares of no par value by way of a direct subscription into the Company for cash at prices from 6.5 to10 pence per share, raising a total of £1,300,000.

In June 2020 the Company issued 764,050 ordinary shares of no par value at 8 pence per share in lieu of fees in the amount of $75,000 to pay salary to non-executive directors.

Reserves

Share capital: Value of shares issued less costs of issuance.

Additional paid in capital: Amounts due to shareholders which were waived.

Foreign currency translation reserve: Foreign currency differences on retranslation of results from functional to presentational currency and foreign exchange movements on intercompany balances considered to represent net investments which are permanent as equity.

Accumulated losses: Cumulative net losses.

(b) Dividends

No dividends were declared for the year ended 31 December 2020.

(c) (Loss) earnings per share (basic and diluted)

The calculation of basic and diluted (loss) / earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. There are no convertible bonds and convertible preferred stock, so basic and diluted losses re equal.

(i) Loss attributable to ordinary shareholders (basic and diluted)

	2020 $000	2019 $000
Loss for the year, attributable to owners of the Company	(3,944)	(3,342)
Loss attributable to ordinary shareholders	**(3,944)**	**(3,342)**

(ii) Weighted-average number of ordinary shares (basic and diluted)

Shares	**2020**	**2019**
Issued ordinary shares at 1 January (after subdivision)	312,978,848	305,471,087
Effect of shares issued (weighted)	6,812,878	5,718,240
Weighted-average number of ordinary shares at 31 December	**319,791,726**	**311,189,327**
Earnings (loss) per share of common stock attributable to the Company (basic and diluted)	(0.012)	(0.011)

10 Subsequent events

Investment agreement

On 15 March 2021 the Company signed an Investment Agreement with Vision Blue Resources Limited under the terms of which Vision Blue Resources has agreed to make investments of $10.1m subject to certain conditions, and has options to invest a further $32.5m at varying prices per share. In pursuit of this agreement, the Company issued 24,741,021 ordinary shares for cash at a price of 9 pence per share to raise $3.1m to finance the further expansion of the existing process plant and completion of the bankable feasibility study.

Subscription for bonds

On 8 February 2021 investors subscribed for 58 of the Company's bonds with a nominal value of US$2,000 each. The bonds are unsecured, have a three-year term, and bear interest of 7.0%, paid twice-yearly.

On 12 March 2021 investors subscribed for 184 of the Company's bonds with a nominal value of US$2,000 each. The bonds are unsecured, have a three-year term, and bear interest of 7.0%, paid twice-yearly.