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22 December 2023

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

Trading Update

Ferro-Alloy Resources Limited (LSE:FAR), the vanadium producer and developer of the large Balasausqandiq vanadium deposit in Southern Kazakhstan announces a trading update for Q4 2023.

Background

Whilst the main focus of activity for the Company is the completion of the feasibility study into the Balasausqandiq vanadium deposit, the existing operation, where the Group processes purchased concentrates to recover vanadium and other metals utilising the expanded and upgraded pilot process plant, provides a regular revenue stream.

The Company's revenue and profitability in the fourth quarter have been lower than previously expected due to metal prices and production shortfalls. Further details are set out below.

Metal prices

The existing operation primarily recovers and sells vanadium (as vanadium pentoxide or ammonium metavanadate), molybdenum (as ferro-molybdenum) and nickel (as nickel concentrate) from the treated bought-in concentrates.

Market prices for all of the recovered metals have deteriorated significantly during the quarter, largely due to decreased demand, as identified in the table below (pricing from 1 September 2023 shown given that some sales in October 2023 will have been derived from September 2023 market prices).

Metal	Price at 1 September 2023	Price at 15 December 2023	Low for Q4 to date
Vanadium pentoxide (US\$/lb)	8.00	5.50	5.10
Ferro-molybdenum (US\$/lb)	54.50	42.70	40.00
Nickel (US\$/kg)	20.45	16.74	15.87

As a result, the Company has experienced a reduction in expected revenues during the quarter. Furthermore, concentrates were procured earlier in the year, on the basis of higher metal values and, therefore, trading margins have been squeezed disproportionately.

Concentrate characteristics

Further to the Company's announcement on 10 October 2023 with respect to incoming concentrate supplies to the existing operation, the Company has received significant volumes of concentrates for processing from a variety of suppliers.

These concentrates come from a range of different sources, have different metal content and require different processing procedures. The concentrates procured in recent months have proven to require longer residence times than previous concentrates and periods of experimentation with new types of concentrates have resulted in output being reduced.

Outlook

Looking ahead to 2024, the Company will continue to work to maintain profitability in the current low-price environment by renegotiating concentrate costs and other contractual terms. The Company is also experimenting with new types of concentrate which, whilst producing the same quality of product, could be potentially more profitable.

As already stated, the main focus of the Company's activities will continue to be the completion of the feasibility study on the Balasausqandiq vanadium deposit. The completion of Phase 1 of the study was expected to be around April 2024, but due to increased lead times for certain study workstreams, as a result of service provider capacity constraints within the industry, it is likely to be delayed. Revised timing will be announced when the Company has clarification from its service providers.

Nick Bridgen, CEO, commented: *"One of the challenges of the vanadium industry is the extreme volatility of pricing, where the current low price for vanadium pentoxide of just over US\$5/lb is, unfortunately, beyond our control and is having a negative impact on all producers. The longer term outlook for vanadium, regarded as a critical metal by the UK, EU and the US remains highly encouraging and we continue to make progress towards the completion of the feasibility study, with results so far supporting the very strong financial expectations of our previously announced studies."*

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

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About Ferro-Alloy Resources Limited:

The Company's operations are all located at the Balasausqandiq deposit in Kyzylordinskoye Oblast in the South of Kazakhstan. Currently the Company has two main business activities:

- a) the high grade Balasausqandiq vanadium project (the "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 several 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.

The most recent mineral resource estimate for ore-body one (of seven) provided an Indicated Mineral Resource of 32.9 million tonnes at a mean grade of 0.62% V₂O₅ equating to 203,364 contained tonnes of vanadium pentoxide ("V₂O₅"). 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 or the remaining ore-bodies which remain substantially unexplored.

The Project will be developed in two stages, Stage 1 and Stage 2, treating 1m tonnes per year and an additional 3m tonnes per year. Production will be some 5,600 tonnes of V₂O₅ from Stage 1, rising to 22,400 tonnes V₂O₅ after Stage 2 is commissioned.

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 expanded and adapted to recover vanadium, molybdenum and nickel from purchased concentrates.

The existing operation is located on the same site and uses some of the same infrastructure as the Project, but is a separate operation which will continue in parallel with the development and operation of the Project.