



Ferro-Alloy Resources Ltd

Investor presentation



May 2017

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Investment summary

Investment summary

I Vanadium – a tech metal with strong market fundamentals

- “The supply of vanadium is 20% lower than the demand for it. We are virtually on the edge of something very explosive.” – Mark Smith, CEO of Largo Resources
- “We think there’s a revolution coming in vanadium redox flow batteries. You’ll have to get into the mining business and produce ultrapure vanadium electrolyte for those batteries on a massive scale.” – Robert Friedland, Executive chairman and Founder of Ivanhoe Mines
- “The [Vanadium] battery pack could charge twice as fast and weigh a third less than the Panasonic batteries currently used by Tesla. For now Swatch’s focus is on the electric vehicle market with a goal of selling US\$10-15bn of batteries by 2020.” – Nick Hayek, CEO of Swatch Group
- “I favor the fundamentals of vanadium, which is embarking on a stealthy run in price that very few exploration and mining investors and commodities observers have yet noticed.” – John Lee, Chairman and CEO of Prophecy Development Corp.

I Ferro-Alloy Resources (FAR) – a unique investment opportunity in vanadium

- Vanadium is not traded on commodity exchanges and neither are there vanadium ETFs
- To invest in vanadium one needs to own shares in vanadium mine
- FAR has a world class high-grade deposit in Kazakhstan and amenable to a well-tested processing technology which is low in both operating and capital costs
- The Company is audited by KPMG and has a Competent Person’s Report prepared by GBM Minerals Engineering Consultants Limited and Geo Minerals Resources Limited
- Prominent international private equity investors are already amongst the Company’s shareholders
- The project has been substantially de-risked due to the conversion of the demonstration plant into a cash flow positive semi-commercial plant to treat catalysts and purchased concentrates
- Mandatory investment requirements associated with subsoil use rights are just 8% of the overall planned capex

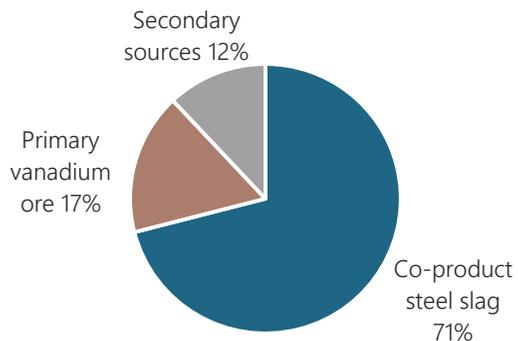
Vanadium market overview

Vanadium – high-tech metal very much in vogue...

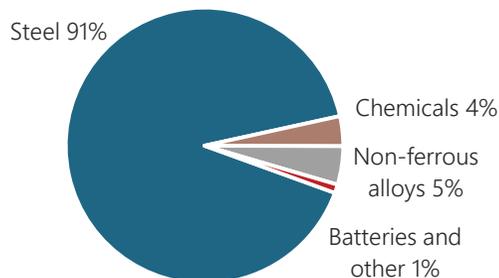
Introduction to vanadium

- Vanadium is a silver-grey, soft and ductile metal
- While vanadium in its metallic form is not found in nature, it occurs in over 60 different minerals and fossil fuel deposits, such as crude oil, coal or tar sands
- Most of the world's vanadium resources are contained within vanadiferous titanomagnetite iron-ore deposits, where the vanadium can be produced either as the main product or as a co-product with steel
- Vanadium's main use is as a hardening additive to steel products. A small amount of vanadium adds strength, toughness, and heat resistance. It is usually added in the form of ferrovanadium
- Vanadium is also used in rapidly growing renewable energy storage applications. Vanadium redox batteries (VRBs or VFBS), which are now attracting significant interest, utilise vanadium's unique characteristics and allow the storage of large amounts of energy in a safe manner that can be adjusted to meet variable energy loads

Production by raw material type



Consumption by end-use



Vanadium applications

 High strength steel structure	 Rebar for construction	 Building, bridges, tunnels
 Automotive parts	 Aviation and aerospace	 Pipelines
 Power lines and power pylons	 Chemical plants, oil refineries, offshore platforms	 Missiles and defence
 Rail lines, railway cars, cargo containers	 Construction machinery and equipment	 Ships

$$2 \text{ lbs Vanadium} \times 1 \text{ t of steel} = 2X \text{ strength}$$

...supported by strong fundamentals...

Vanadium demand drivers

1



Construction using vanadium



2



Titanium alloys using vanadium



3



Batteries: vanadium redox and lithium vanadium



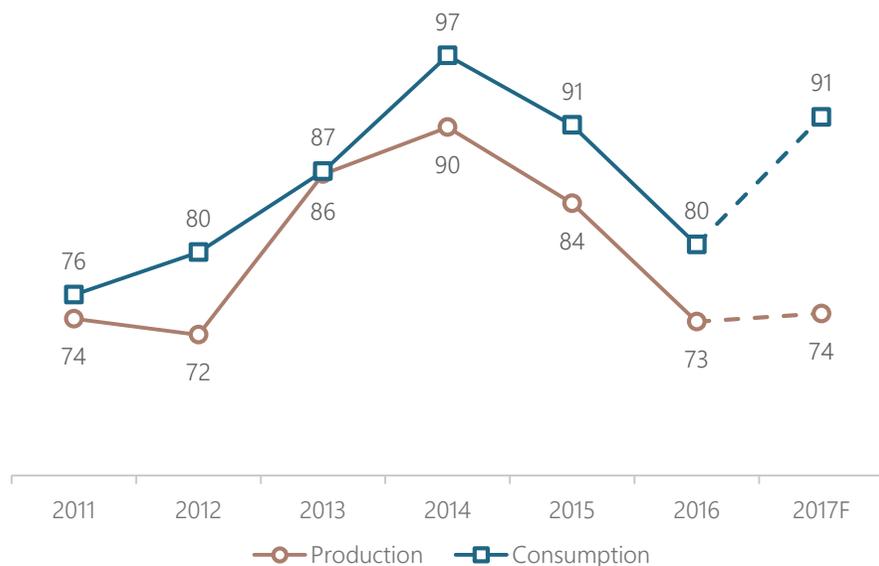
Source of demand

- Most vanadium is consumed as an additive to steel products
- On 1 July 2011, the Chinese government mandated the use of Grade 3 rebar in all new building designs
- In 2017, the requirements were revised in order to prevent use of a low quality non-vanadium substitutes that had resulted in lower than expected consumption of vanadium in China in 2015-16
- Significantly increased use of titanium alloys in newer aircraft. Vanadium is virtually unsubstitutable in this application
- Vanadium redox batteries are well suited to large power storage applications with long duration discharge, having a long life without degradation and easy scalability. Demand is expected to multiply exponentially from only a small amount today
- Lithium vanadium phosphate batteries produce higher voltages and improved energy for weight characteristics. Especially relevant given the current trend for less wasteful, "greener" energy

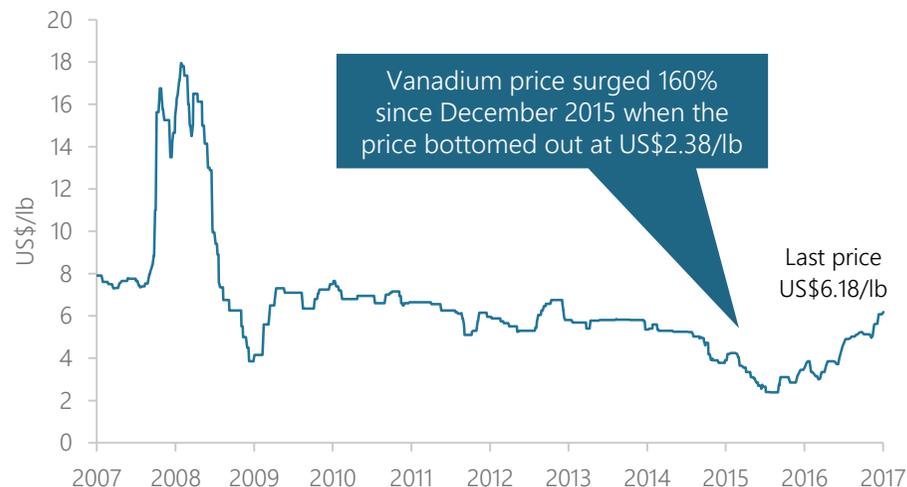
Growing demand for vanadium is founded on the down-to-earth needs of the construction industry and is supported by the demands of aircraft producers and might soar due to the newest energy storage battery technologies

...which are putting upward pressure on V2O5 prices

Global vanadium production vs consumption ('000 tonnes)

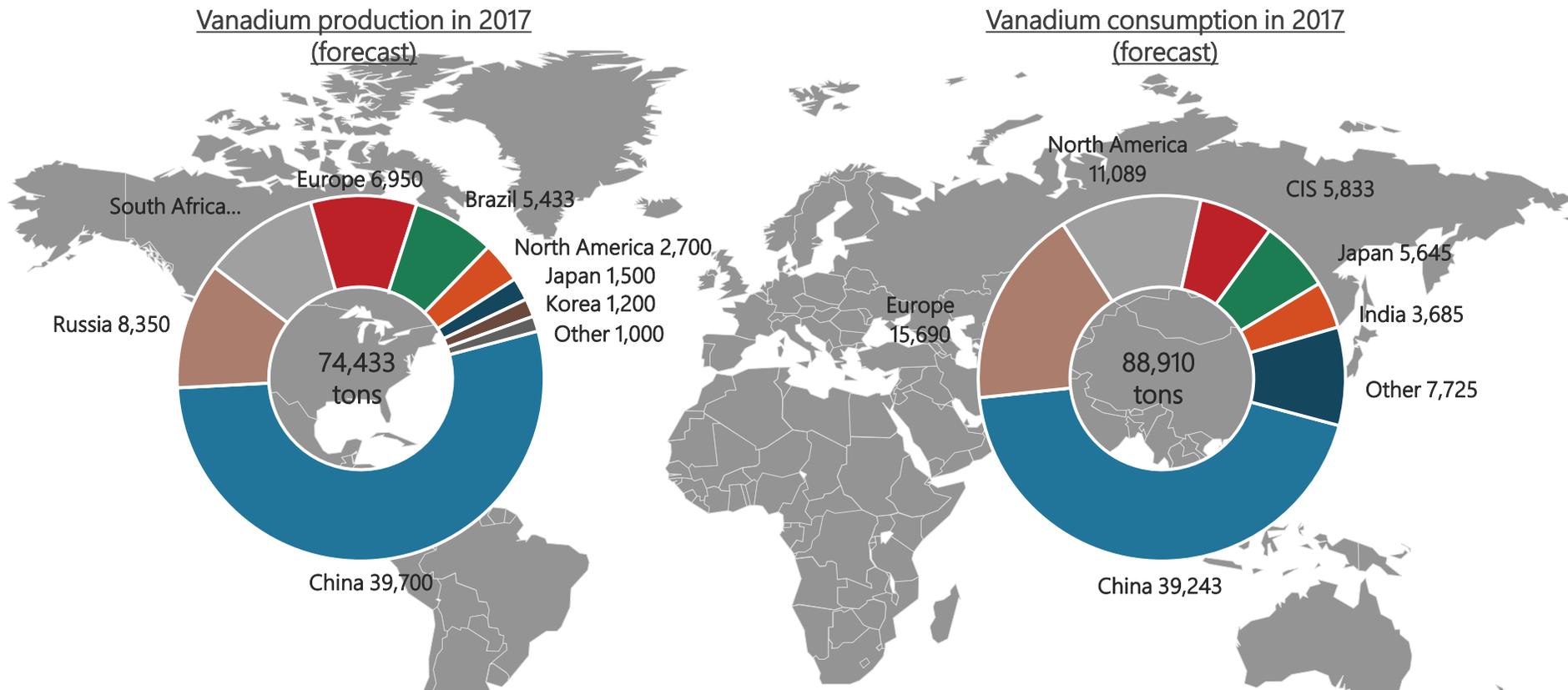


10-year V2O5 pricing (US\$/lb)



- Expansion of vanadium production from vanadiferous titanomagnetite is limited by high capital costs of development and high operating costs
- New primary production requires confidence in high future prices and takes many years to build
- Consumption is well ahead of production and inventories are being depleted at an accelerating rate
- Conversion of existing steel production from vanadiferous titanomagnetite (from which co-product vanadium is obtained) to hematite has led to permanent structural decreases in supply which will need to be replaced with new primary production
- Explosive growth of grid-scale wind and solar energy generation capacity now requires energy storage for which vanadium redox flow batteries are ideally suited and growing exponentially
- Lithium-ion batteries are not ideally suited for grid-level energy storage where long discharge periods are required

China to become net importer of vanadium for first time since 2004



China is the dominant vanadium producer and consumer, projected to be a net importer by end of 2017

South Africa liquidation of Highveld Steel eliminated the supply of more than 10,000 tonnes

In Brazil Largo Resources has started primary vanadium production from vanadiferous titanomagnetite

Kazakhstan set to become a prominent producer of vanadium due to its low-cost non-magnetite ore

Introducing Ferro-Alloy Resources Ltd

Ferro-Alloy Resources – a unique investment opportunity...

1 A Guernsey-registered holding company that owns 100% stake in LLP “Firma Balausa”, the Kazakhstani mining company engaged in the exploration, mining and processing of vanadium containing materials and the sale of vanadium and various byproducts from the Balasausqandiq vanadium deposit in Kazakhstan

2 Has a world class project with estimated resource base of over 100 Mt. The ore is a shale which is amenable to simpler and lower cost processing routes than the usual vanadiferous-titanomagnetite deposits, giving potential for a long life, low cost operation

3 Developed a proprietary innovative extraction technology using autoclave leaching, which enables vanadium recovery of over 90% together with uranium, molybdenum, rare earth elements, alum and carbon-silica, fully tested in a pilot plant

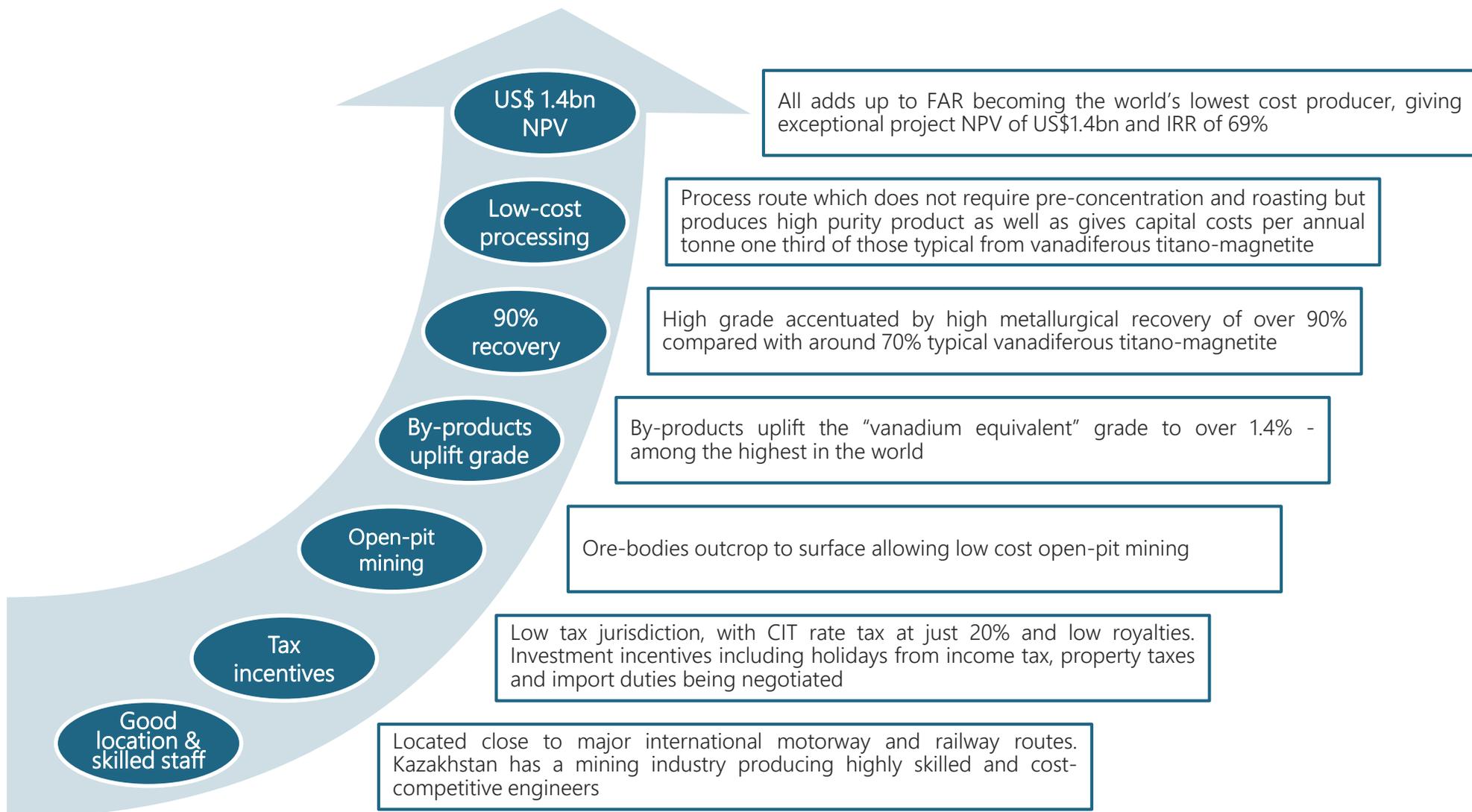
4 Currently, operates a semi-commercial plant processing purchased secondary materials with production capacity of up to 450 tonnes of vanadium pentoxide (equivalent) per year, with short term plans to increase to up to 2,000 tonnes per year and longer term plans to reach 24,000 tonnes per year

5 Has negligible debt on the balance sheet, while to date investments of around US\$25m have been made in the development of the Company

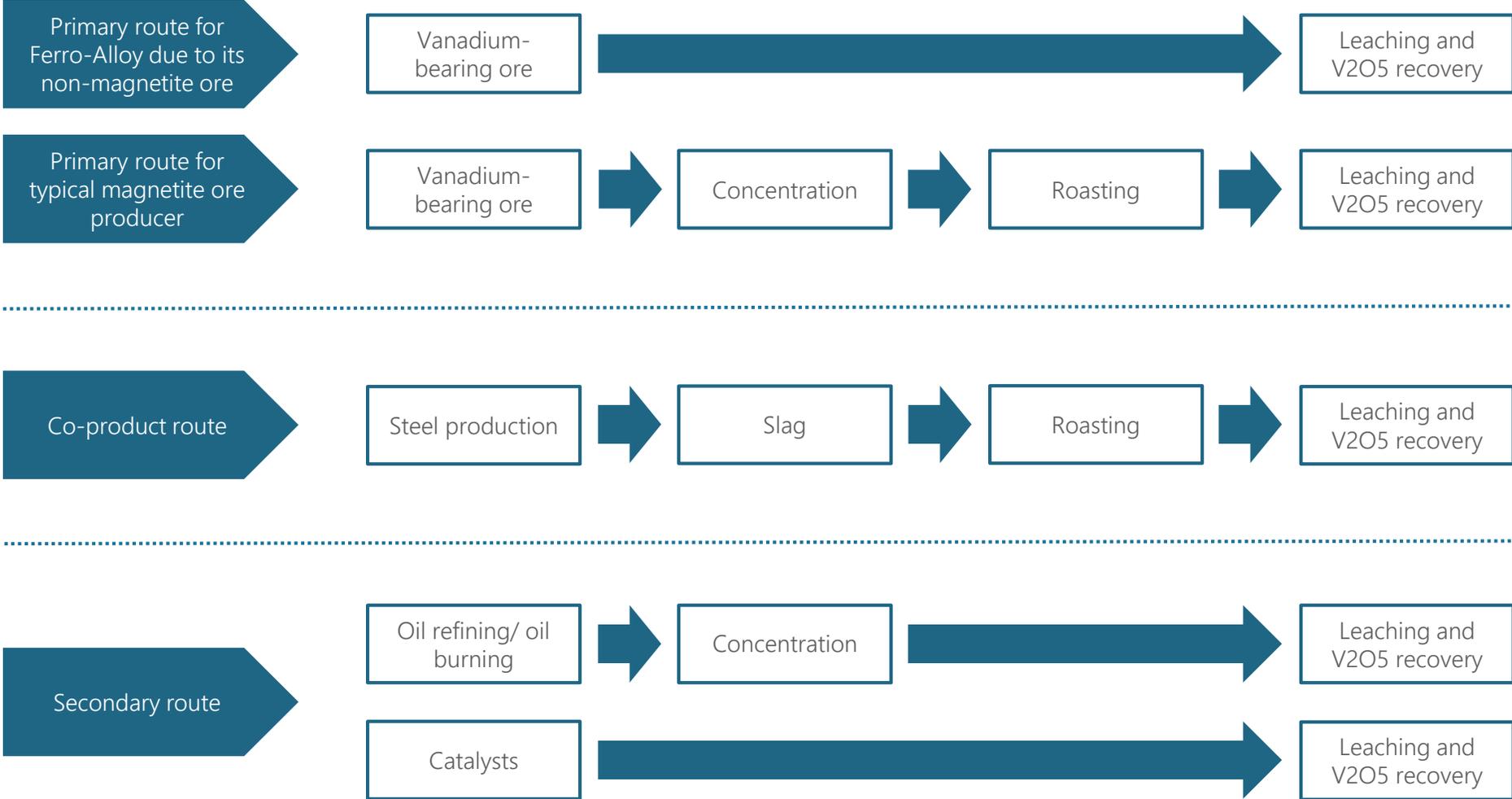
6 Has a diversified shareholder base of over 100 shareholders that includes local management and seasoned foreign institutional investors, among which are large world-known investment and hedge funds, such as Citadel, Baillie Gifford, Artemis, AM2



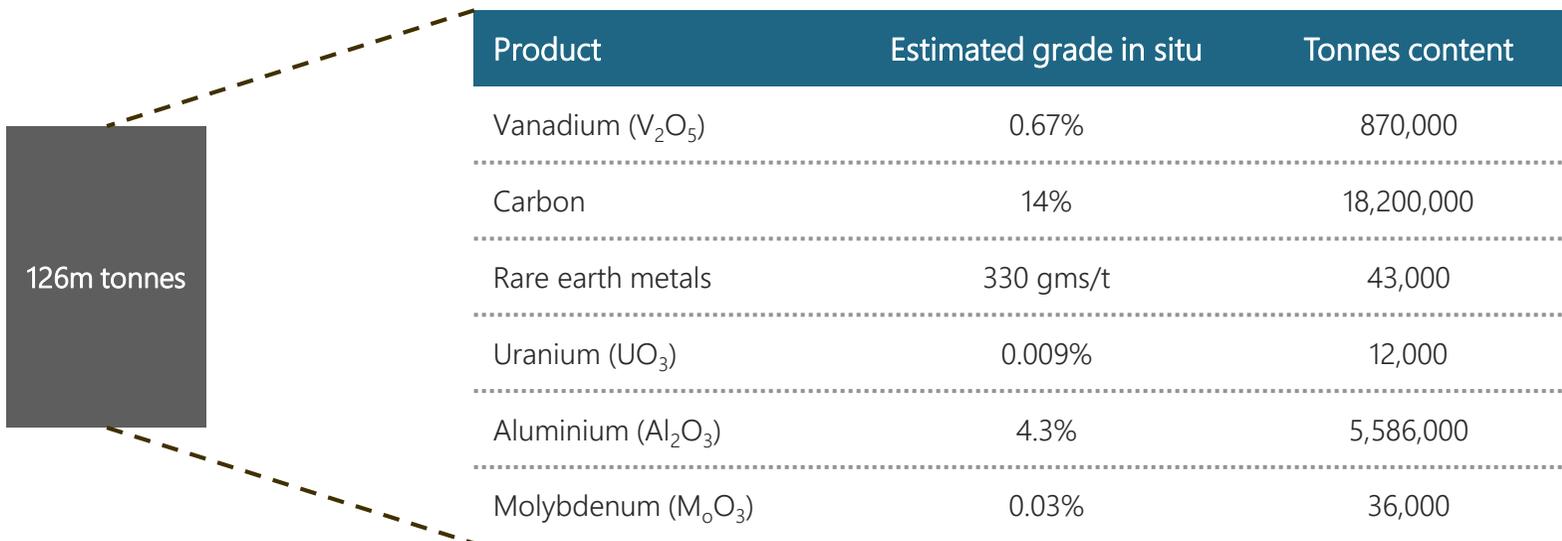
...providing an exceptional value to KASE investors



FAR's has a unique vanadium processing route...



...has a high quality deposit...

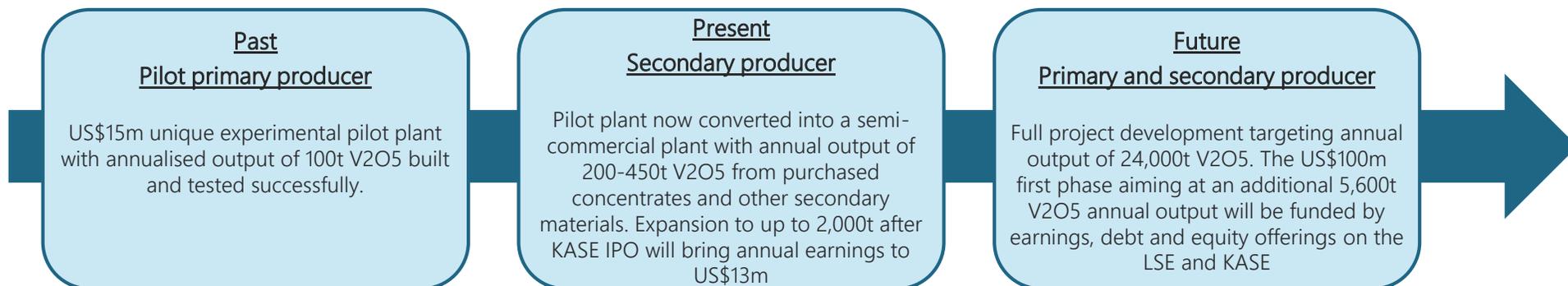


126m tonnes

Product	Estimated grade in situ	Tonnes content
Vanadium (V ₂ O ₅)	0.67%	870,000
Carbon	14%	18,200,000
Rare earth metals	330 gms/t	43,000
Uranium (UO ₃)	0.009%	12,000
Aluminium (Al ₂ O ₃)	4.3%	5,586,000
Molybdenum (M _o O ₃)	0.03%	36,000

Diversified portfolio with 870,000 tonnes of vanadium pentoxide, presenting significant value and exceptional project economics. The Balasausqandiq deposit is not comprised of vanadiferous titano-magnetite like nearly all others and is capable of being treated by a much lower cost process

...a clear development plan with very attractive economics...



Development plan	Expansion of current processing operation to treat secondary materials	Development of Balasausqandiq mine and construction of additional processing plant	
		Phase 1	Phase 2
Capital costs including working capital and contingency	US\$12m	US\$100m	US\$225m
Financing sources	100% equity	23% equity; 55% debt 22% net operating cash flow	36% debt 64% net operating cash flow
Material treated per annum	120,000 tonnes of concentrate	1,000,000 tonnes of ore	4,000,000 tonnes of ore ⁽¹⁾
Annual output V2O5	1,870 tonnes	5,603 tonnes	22,414 tonnes ⁽¹⁾
V2O5 price assumption	US\$6.00/lb	US\$6.00/lb	US\$6.00/lb
Annual revenue	US\$27m	US\$116m	US\$463m ⁽¹⁾
Annual costs	US\$11m	US\$33m	US\$114m ⁽¹⁾
Net operating cash flow after tax	US\$13m	US\$78m	US\$288m ⁽¹⁾

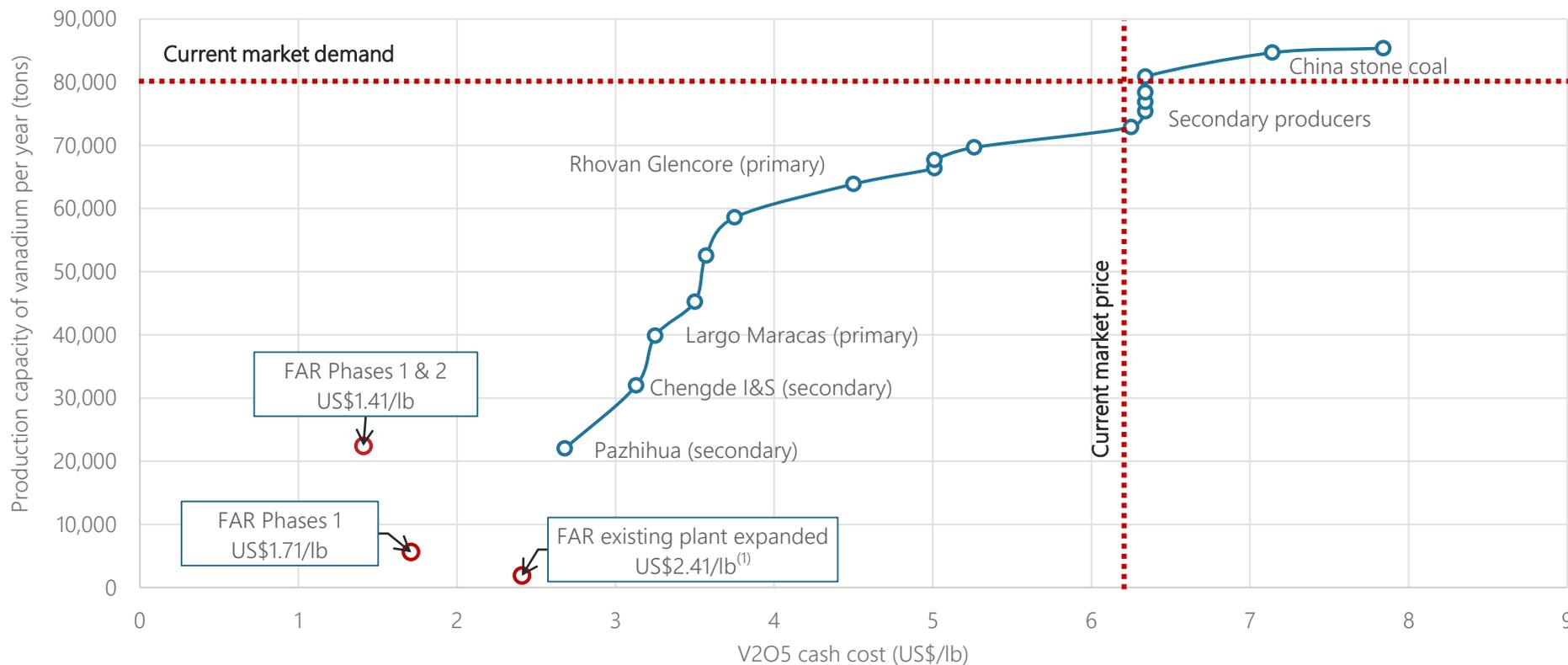
...and a substantial value to be unlocked (US\$1.4bn NPV)...

Development plan	Expansion of current processing operation to treat secondary materials	Development of Balasausqandiq mine and construction of additional processing plant	
		Phase 1	Phase 2
Detailed engineering and other preparatory works	Underway	Second half 2017	2021
Construction	Second half 2017	2018 - 2019	2021 – 2022
Commissioning	First half 2018	Second half 2019	Second half 2022
V2O5 price assumption	US\$6.00/lb	US\$6.00/lb	US\$6.00/lb
Discount rate	10%	10% (combined Phases 1 and 2)	
NPV (post tax)	US\$77m	US\$1,307m (combined Phases 1 and 2)	
IRR (post tax)	121%	62% (combined Phases 1 and 2)	

Private equity rounds and the current offering on KASE are priced at 12% of a combined NPV of US\$1.4bn (i.e US\$77m NPV of current processing plant expansion plus US\$1,304m NPV of Balasausqandiq mine development Phase 1 and 2)

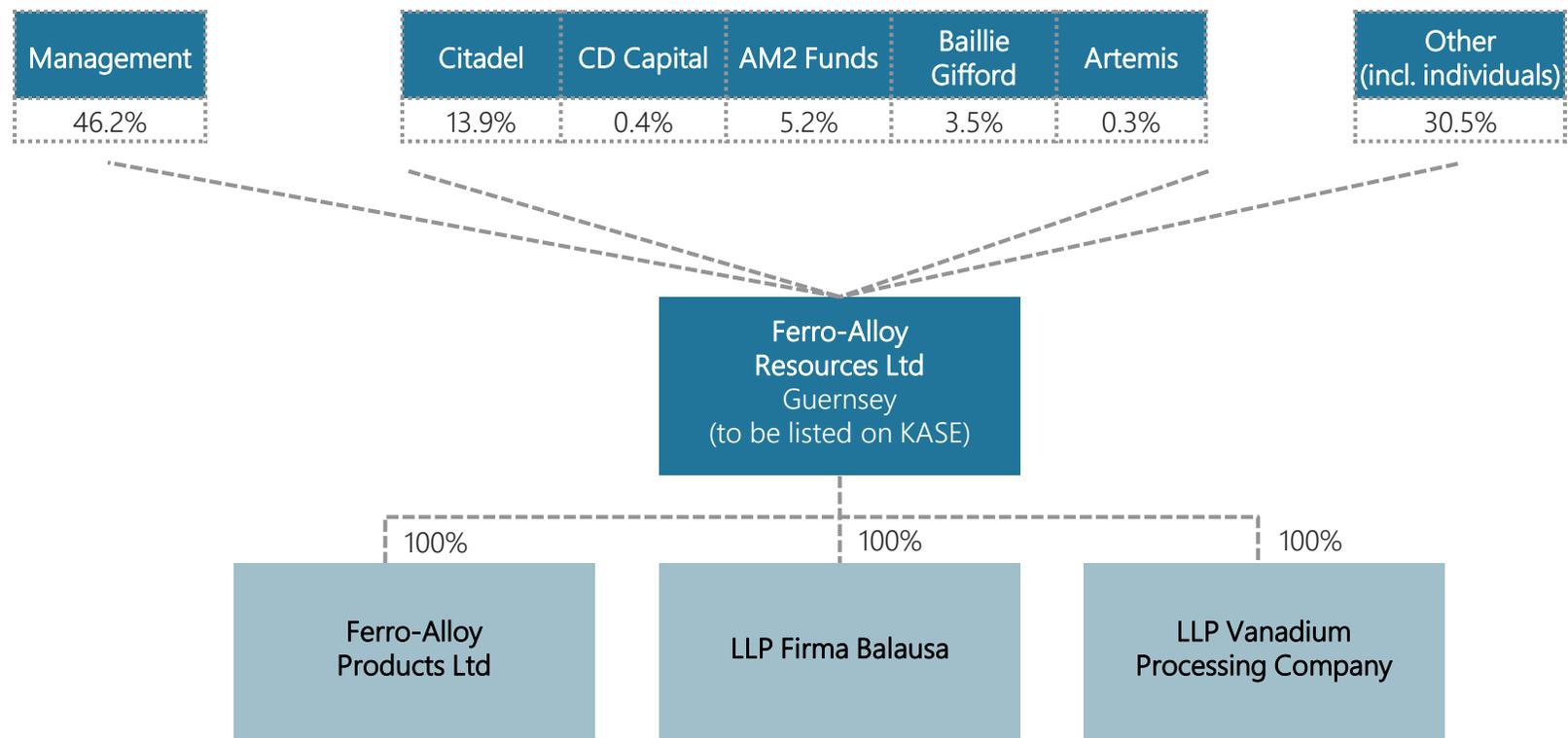
...and might become the world's lowest cost vanadium producer

Positioning FAR on the current global vanadium cost curve



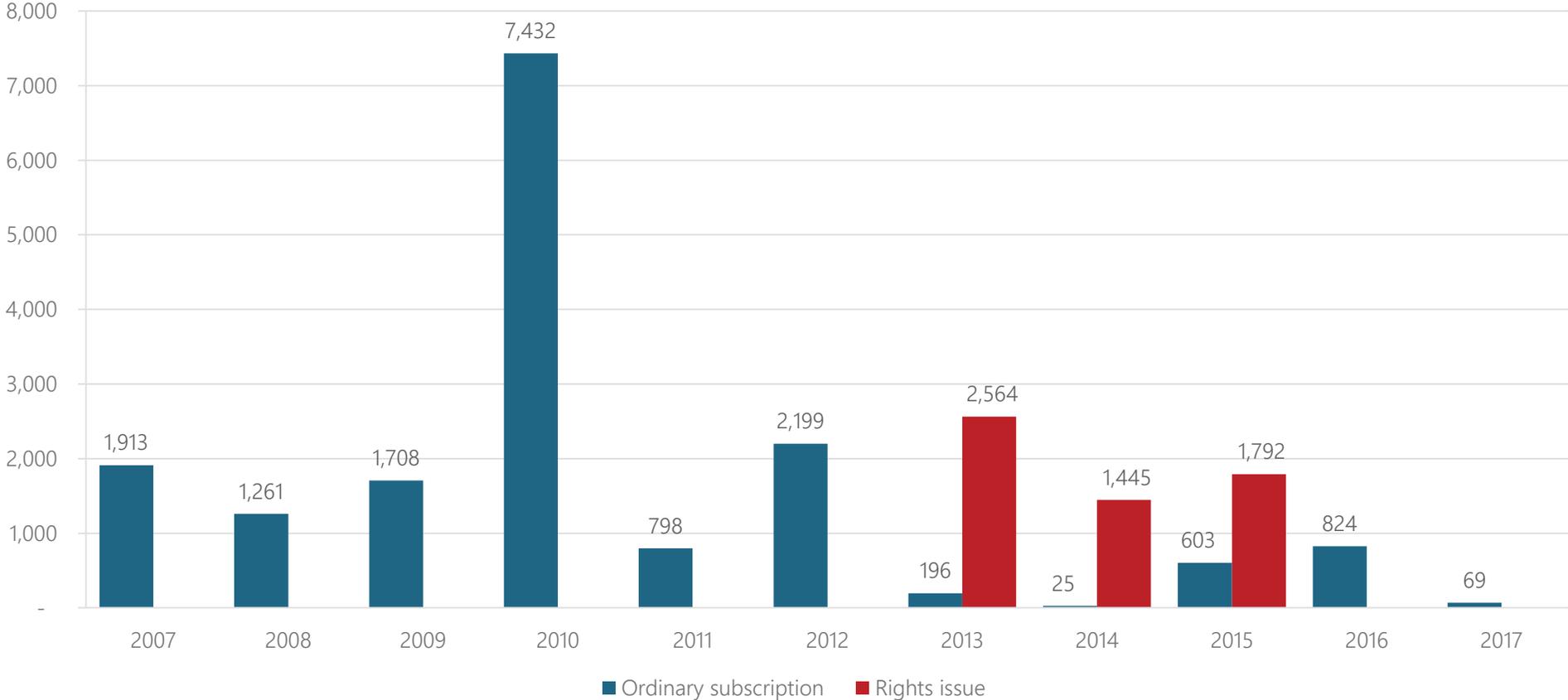
FAR anticipates reaching a cash cost US\$1.41 per lb from recovering high grade vanadium and by-products, which would make it the world's lowest cost vanadium producer

FAR has prominent foreign institutional investors...



...through a series of private equity rounds

Share placements from January 2007 until year-to-date (US\$thsd)



FAR has a good corporate governance structure...



The sole executive body of Ferro-Alloy Resources is the Board of Directors, which has delegated the management of the company to the Chief Executive Officer and the Operations Director

...through an experienced management in mining and finance

Nicholas Bridgen
CEO

Mr Bridgen has two stages in his career – as an employee and a businessman. In 1975 he trained as a Chartered Accountant at KPMG (formerly Peat Marwick Mitchell). In 1979, he moved to RTZ Borax and thereafter, in 1981 became senior group accountant at Rio Tinto Group Head Office. In 1985, he was promoted to Deputy Head of Business Evaluation Department for the Rio Tinto Group. In 1990-1993, he was Group Planning Manager at RTZ Pillar. In the mid-1990s, he was a finance director at Dragon Management and then at Bakyrchik Gold Plc. In 1998, Mr Bridgen started his own business and founded Hambledon Mining Plc, acquired Sekisovskoye gold project and took the project through exploration, listing on the London AIM stock exchange, construction of the process plant and into full operations. In 2001, he also founded the operating company Satimola Limited which has raised US\$80m for the exploration and a feasibility study of the borate and potash deposit in Western Kazakhstan. Since 2006 Nicholas has been a director and more recently, CEO of Ferro-Alloy Resources Limited. He holds a Bachelor's degree with honors from Exeter University, is a Chartered Accountant and studied corporate finance at London Business School. In addition to English, he speaks Russian and French.

Andrey Kuznetsov
Operations Director

Andrey started his career in 1981 as an industrial engineer at Kirov Engineering Plant in Almaty. Later he was a general director of the Almaty NTTM "Kontakt" centre. In 1995-1996, he was the CEO of local Alfa-Bank (Kazakhstan subsidiary unit of Russian bank). Since 2006, Andrey has been general director of Firma Balausa LLC. He holds a Specialist's degree in electrical engineering from Bauman Moscow State Technical University (formerly Bauman Moscow Higher technical school) and a PhD in informal mathematical logic. He also studied at management department of Coventry University. He has a certificate on securities market from the National Bank of the Republic of Kazakhstan.

Christopher Thomas
Non-executive Director

Chris Thomas has spent over 25 years in the communications industry. He has spent the majority of his time working for BBDO and Proximity. He has held management positions in advertising agencies since 1996. From 2001 he was CEO of Proximity London - one of the largest direct and digital agencies in London. In January 2006, Chris was appointed Chairman & Chief Executive Officer of BBDO and Proximity in Asia. In 2011 Chris added the BBDO agencies in the Middle East and Africa to his responsibilities and became the Chairman of Proximity. In May 2015, Chris moved to New York to take up the role of CEO of BBDO in the Americas, with responsibility for 21 agencies in the U.S., Canada and Latin America. He remains Chairman of I&S BBDO in Japan. He has worked with multiple global clients advising them on their global communications strategies. He also served on the board of Hambledon Mining - for over six years.

James Turian
Non-executive Director

James started his career in 1986 in accounting practice, moved to trust management with Mercator Trust Company and then became managing director and majority shareholder of FIFO Trust Limited. He is currently a director and majority shareholder of Accounts For You Limited, a Guernsey accountancy firm. He is finance director of Mineks International Limited, a leading M&A company, and of Blossom Fields Care Home Limited as well as several other directorships. James is a Chartered Fellow of the Securities Institute IAQ and a Fellow of the Institute of Directors as well his accounting, audit and tax experience.

Indicative share offering details

Indicative share offering details

- Share placement to be conducted via a subscription / specialized trade on KASE
- Anchor investors will be able to secure allocation via pre-negotiated individual subscription agreements

Issuer	Ferro-Alloy Resources Limited (Guernsey)
Listing venue	Kazakhstan Stock Exchange
Listing category	2 nd category
Expected offering size	KZT4.8bn (US\$15m)
Number of shares planned for placement	150,000 ordinary shares
Expected placement price range	KZT32,000-37,000 per share (in line with 2015-16 private equity rounds)
Primary/secondary mix	100% primary
Initial free-float on KASE	9.1% after placement of 150,000 shares
Timing	June 2017

Appendix

Appendix A: Photo gallery



Appendix B: Kazakhstan economy

“Kazakhstan continues to withstand challenges from lower oil prices and slower growth in Russia, China, and Europe. While buffers are strong, the shocks exposed vulnerabilities, including dependence on oil and other commodities; gaps in public administration, the business environment, and competitiveness; and long-standing banking weaknesses. The authorities’ response-targeted fiscal support, exchange rate adjustment, enhanced monetary policy management, and structural reforms focusing on the business climate and the public sector has stabilized conditions. Growth in 2016 was positive, and a pickup is expected in 2017. Medium-term prospects are subdued, due to continued lower oil prices and conditions in key trading partners. Growth is projected to reach 2.5 percent in 2017 and non-oil growth should reach 4 percent by 2021. This will reflect the implementation of announced reforms, unlocking of bank lending, and a further increase in oil production.” – IMF report dated 9 May 2017

Selected economic indicators	2013	2014	2015	2016	2017F	2018F
Real GDP growth (%)	6.0	4.3	1.2	1.1	2.5	3.4
Real oil	3.2	-1.3	-2.6	-1.2	3.9	6.3
Real non-oil	7.0	6.3	2.5	1.8	2.0	2.5
Crude oil & gas condensate production (million tons)	82	81	79	78	81	86
Unemployment (%)	5.2	5.0	5.0	5.0	5.0	5.0
Inflation (%)	4.8	7.4	13.6	8.5	7.3	6.8
Fiscal balance (% GDP)	4.9	2.4	-6.3	-4.1	-6.3	-2.1
Gross public debt (% GDP)	12.6	14.5	21.9	21.1	21.8	22.0
Current account (% GDP)	0.5	2.8	-2.8	-6.4	-4.3	-3.1
Net foreign direct investments (% GDP)	-3.4	-2.1	-1.7	-10.8	-5.8	-5.3
External debt (% GDP)	63.4	71.2	83.2	122.5	106.9	98.9

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