

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.

1 June 2021

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

Completion of Vision Blue Resources Initial Investment and Board Changes

Highlights

- Completion of the Initial Investment by Vision Blue Resources ("Vision Blue") as previously announced following completion of transaction formalities
 - A further US\$1.6m investment, bringing the total invested to date by Vision Blue and its coinvestors to US\$3.1m
 - Legal formalities completed and consent of the Kazakhstan Government to the issue of shares received – enabling the issue of shares to Vision Blue instead of convertible loan notes
- Appointment of Sir Mick Davis as Chairman with effect from immediately after completion which is expected to occur on 3 June 2021
- Appointment of Mr. Peet Nienaber as a Non-Executive Director with effect from immediately after completion which is expected to occur on 3 June 2021
 - Former head of Xstrata Alloys – one of the worlds largest vanadium producers
- Connection to high voltage power line completed – first power draw expected soon
- Team established to progress and enhance the ongoing Balausa Project feasibility study

Ferro Alloy Resources Limited (LSE: FAR), is pleased to announce the completion of the Initial Investment by Vision Blue as announced on 15 March 2021 following fulfillment of all necessary conditions. This triggers the receipt of a further investment of US\$1.6m in addition to the investment of US\$1.5m already made, bringing the total invested by Vision Blue and its coinvestors to date to US\$3.1m. The investment is to be made by the issue of 12,769,558 ordinary shares in the Company ("Shares") and completion is expected to occur on 3 June 2021.

The Subscription Agreement (announced on 15 March 2021) envisaged that this issue would initially be made by subscription for convertible loan notes which would have converted into ordinary shares upon the receipt of the consent by the authorised body in Kazakhstan (the "Consent"). This Consent was received on 19 May 2021 and the Company and Vision Blue have therefore agreed to amend the agreement to provide for the subscription to be made for the same number of ordinary shares directly.

Vision Blue have further investments rights amounting to an additional US\$9.5m, comprising US\$7.0m which it may make within three months of receipt of the Consent and US\$2.5m after completion of the Feasibility Study. The Consent covers the issue of up to 88,588,805 shares within

the 12 months following the date of the Consent. Accordingly, it has been agreed that any further investment of up to US\$7.0m which would come prior to 19 August 2021 will also be made as a direct subscription for ordinary shares where to do so would not trigger the requirement to publish a Prospectus. A new consent will be applied for in respect of share issues scheduled to be made after the expiry of the Consent.

Following the completion of the Initial Investment, Sir Mick Davis will assume the role of Chairman as outlined in the Subscription Agreement. Mr. Chris Thomas, current Chairman of FAR, will assume the role of Non-Executive Director following Sir Mick Davis's appointment. The Company has also appointed Mr. Peet Nienaber as a Non-Executive Director from immediately after completion which is expected to occur on 3 June 2021.

In consultation with Vision Blue, the Company is planning to expand the scope of the feasibility study which is already underway. This includes potentially expanding the scope to include further evaluation of the Phase 2 expansion to 4 million tonnes per year of ore treated and to further establish the potential value to be extracted in the form of by-products. The expanded scope is likely to entail a drilling programme to upgrade sufficient resource to the JORC Indicated category to enable planning for production at the expanded rate for a significant mine life. This will involve further drilling of ore-bodies 2 to 5, a large part of which is already in the reserve category under the Kazakhstan GKZ system of resource and reserve classification but did not meet the requirements of the internationally recognised JORC system. This, together with the longer time-period needed to complete variability process testing on the wider range of ore samples is likely to extend the timing of completion of the study into the first half of 2022. The Company believes that the expanded scope will make for a more robust and profitable project and bring enhanced returns to shareholders in the longer term.

As previously announced, the Company has been constructing power grid infrastructure to draw power from an adjacent high voltage (110kV) line, including the connection, transformers, approximately three km of line and necessary communications and switching. Construction of the line was completed on schedule and power is expected to be supplied via the line shortly. Power via the new connection will be less than half of the price of the previous supply and significantly more reliable, reducing downtime and equipment damage caused by outages and instability, and is an essential step in the ongoing upgrade of the Company's existing operations.

Nick Bridgen, CEO, commented:

"The completion of the second stage of the Initial Investment from Vision Blue allows us to continue to make fast progress on expanding our existing vanadium concentrate processing operation and to expand the scope and upgrade the quality of the ongoing feasibility study

“Importantly, we are delighted to have Sir Mick Davis as our Chairman. His experience, knowledge and relationships in the mining industry will be hugely beneficial to us.

“I also welcome Peet Nienaber, with his vast technical experience in the vanadium industry, to the Board as Non-Executive Director.”

Sir Mick Davis, Chairman, commented:

“Since Vision Blue’s initial investment in March we have worked closely with the team at FAR to identify areas where we can work together to optimise the Balausa Project feasibility study to maximise value and reduce development risks. The Balausa Project benefits from low capital and operating costs, good infrastructure, geographic advantages and a scale that can match the significantly growing demand for vanadium as its use in high grade steel and flow batteries expands. I remain convinced about Balausa’s potential to become the leading vanadium asset in the world.”

Further Details

Appointment of Sir Mick Davis as Chairman of FAR

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.

Appointment of Mr Peet Nienaber as Non-Executive Director:

Mr. Peet Nienaber has several decades of experience in the mining sector, most notably spending over 24 years with what became Xstrata plc. At Xstrata he was initially Head of Operations, spearheading the earliest days of the company, including its growth to be the largest producer of Ferrochrome. Thereafter he spent 10 years as CEO of Xstrata Alloys, one of the largest producers of Ferrochrome and a leading producer of Vanadium, with some 20,000 people under Peet’s leadership. After retiring from the position in 2012, Xstrata Alloys subsequently went on to be acquired by Glencore plc.

Mr. Nienaber began his career as an engineer at Iscor Ltd before spending several years in the Ferroalloys industry at Samancor and Anglo American Plc.

Mr. Nienaber holds a BSc in Metallurgical Engineering and a BSc in Engineering from the University of Pretoria.

Appointment of Mr Christopher Thomas as Non-Executive Director:

Chris Thomas will assume the role of Non-Executive Director upon Sir Mick Davis' appointment as Chairman.

Admission and Total Voting Rights

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 3 June 2021 and also to trading on the AIX. For the purpose of the Disclosure and Transparency Rules, the enlarged issued share capital of the Company will comprise 355,330,073 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.

Capitalised terms in this announcement, unless otherwise defined, have the meaning given to them in the announcement of 15 March 2021.

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

ENDS

Nick Bridgen, Chief Executive Officer

info@ferro-alloy.com

Shore Capital (Corporate Broker)

Corporate Advisory: Toby Gibbs / Mark Percy / John More

Tel: +44 (0)207 408 4090

Corporate Broking: Jerry Keen

VSA Capital

Tel: +44 (0)203 005 5000

Andrew Monk / Simon Barton

St Brides Partners Limited (Financial PR & IR Adviser)

Catherine Leftley / Megan Dennison

Tel: +44 (0)207 236 1177

Vision Blue Resources

Michael Oke/Andy Mills

info@vision-blue.com

Tel: +44 (0) 207 321 0000

Mobile: +44 7834 368 299,
+44 7841 748 911

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 byproducts. 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.

About Vision Blue Resources

Vision Blue was founded in December 2020 by Sir Mick Davis to create a portfolio of strategic and high returning investments in clean energy related metal and mineral resource companies essential to the clean energy transition..

Vision Blue will invest in undervalued and undercapitalised mining and processing companies: in established mining jurisdictions that are strategically important for customers; with well defined, advanced, scalable assets and committed management; that have low logistics, processing and technological risks with a clear path to new or expanded production; that have direct exposure to clean energy generation, storage and related infrastructure; and that are implementing a best in class ESG framework