

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

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

Start of production of ferro-molybdenum and vanadium pentoxide

Ferro-Alloy Resources Limited (LSE:FAR), the vanadium producer and developer of the large Balasausqandiq vanadium deposit in Southern Kazakhstan, is pleased to announce it has started production of ferro-molybdenum and vanadium pentoxide.

In October 2020, the Company started to recover molybdenum in the form of calcium molybdate as a by-product during the recovery of vanadium from bought-in raw-material concentrates. Calcium molybdate was sold at a discount to the published price for the contained molybdenum. The Company is now converting this calcium molybdate to ferro-molybdenum which will enable the Company to avoid the discount.

The Company has also commissioned the equipment to convert ammonium metavanadate (AMV) into vanadium pentoxide. Formerly, the AMV was sold at a small discount to the published price of the contained vanadium pentoxide. Some amounts will continue to be sold as AMV in order to satisfy existing contracts, but increasing amounts will be converted to vanadium pentoxide, thus eliminating the discount for AMV.

The material remaining after extraction of the vanadium and molybdenum products from the vanadium-bearing concentrates contains quantities of nickel which the Company has been selling as a low-grade concentrate. All of this material is now being sold and there are no remaining tailings or other residues remaining on site from operations.

The Company is now offering for sale:

- Ammonium metavanadate (AMV)
- Vanadium pentoxide
- Ferro-molybdenum
- Nickel concentrates

The Company has contracted for delivery of an electric arc furnace, expected to be commissioned in the first half of 2022. This will be the last step in the current plans for the existing processing operation which is expected to bring vanadium production up to 1,500 tonnes (vanadium pentoxide equivalent) per year, as well as greatly reducing costs to make ferro-vanadium and enabling the production of ferro-nickel. The necessary connection of the plant to a high-voltage powerline and a 1,000 square metre process-plant extension have already been built in readiness for this equipment.

Nick Bridgen, CEO, commented: *"This low cost, revenue-generating step completes our current product line-up and allows us to extract the maximum value of the vanadium and molybdenum from our raw-materials. Together with our low Kazakhstan operating costs, this enables us to be amongst the most efficient producers of vanadium from secondary raw materials"*

“We look forward to the addition of the electric arc furnace which will complete our plans for the existing plant, the earnings from which will contribute to the ongoing development of the main Balasausqandiq project.”

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 Kyzylordinskaya 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.

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.

