

Dissemination of a Regulatory Announcement that contains inside information according to
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12 June 2020

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

Operational and Financing Update

Ferro-Alloy Resources Limited (LSE:FAR), the vanadium mining and processing company with operations based in Southern Kazakhstan announces that, the Company has raised US\$300,000 via the issue of bonds on the Astana Stock Exchange ("AIX").

Issue of bonds

Investors have subscribed for 150 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 7.5%, paid twice-yearly. The bonds have been listed on AIX with identifier FAR.0323 and ISIN number KZX000000336.

50 bonds have been issued with a maturity date of 5 June 2023, and 100 bonds have been issued with a maturity date of 11 June 2023. The investors have the right to receive early repayment after a minimum period of 12 months.

Production

Production from the hydrometallurgical process was re-started on 1 June 2020 so we now have significant production from both the hydrometallurgical and pyrometallurgical process routes.

Daily overall production in the first 10 days of resumed operations has been 69% higher than the average for the first quarter of 2020, in spite of some continuing Covid-19 related delays to the completion of commissioning of some of the new equipment. We expect further significant rises in production over the next few months as these issues are overcome.

Covid-19

The restart of hydrometallurgical production was delayed by the closure of Shieli after a case of Covid-19 was discovered in the town. This prevented our technical specialists from reaching site until late in May so the decision was taken to delay the restart until the beginning of the new staff rotation on 1 June 2020.

There remain some commissioning issues with newly installed equipment that cannot be resolved by the equipment suppliers because they cannot presently visit the site. The Company has ordered the necessary parts independently of the manufacturers, with delivery and installation expected over the next two months.

The impact of the virus in Kazakhstan remains muted, with only 13,558 cases declared so far in spite of a significant level of testing. In the Kyzylordinskoye region, where our operations are situated, there have been just 484 declared cases and no deaths. However, strict lock-down restrictions are applied from time to time in cities or areas where cases arise.

Nick Bridgen, CEO, commented: "The issue of the bonds on these terms is a big vote of confidence in the Company. With increasing production from both the hydrometallurgical and pyrometallurgical production facilities, we have a firm base which will let us focus on the remaining expansion plans and the upgrade of the feasibility study."

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

Ferro-Alloy Resources Limited

Nick Bridgen, Chief Executive Officer

info@ferro-alloy.com

Shore Capital (Broker)

Corporate Advisory: Toby Gibbs / Mark Percy / John More

Tel: +44 (0)207 408 4090

Corporate Broking: Jerry Keen

VSA Capital (Financial Adviser)

Tel: +44 (0)203 005 5000

Andrew Monk / Simon Barton

St Brides Partners Limited (Financial PR & IR Adviser)

Catherine Leftley / Priit Piip

Tel: +44 (0)207 236 1177

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 "Project"); and
- b) an existing profitable vanadium concentrate processing operation (the "Existing Operation")

Balasausqandiq is a very large deposit, with vanadium as the principal product, together with by-products of carbon, molybdenum, uranium, rare earth metals, potassium, and aluminium. Owing to the nature of the ore, the capital and operating costs of development are very much lower than for other 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 2-5.

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 low-grade concentrates and is now in the process of being expanded and further adapted to treat a wider variety of raw materials.

The Company has already completed the first steps of a development plan for the existing operation which is expected to result in annualised production capacity increasing gradually to around 1,500 tonnes of contained vanadium pentoxide. The development plan includes upgrades to infrastructure, an extension to the existing factory and the installation of equipment to increase the throughput and to add the facilities to convert AMV into vanadium pentoxide.

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