

15 July 2022

Ironveld plc

("Ironveld" or the "Company")

Posting of Circular and Notice of General Meeting

As announced on 29 June 2022, Ironveld received a requisition notice (the "Requisition Notice") from Richard Jennings, director of Align Research Ltd ("Align"), pursuant to section 303 of the Companies Act 2006 (the "Act"), requiring that Ironveld's board of directors (the "Board") convene a general meeting of shareholders for the purposes of considering the following ordinary resolutions (the "GM Resolutions"):

1. that Chairman Giles Clarke be removed as a Director of the Company; and
2. that CEO Martin Eales be removed as a Director of the Company.

As a result, the Board is today posting a Circular convening the General Meeting for shareholders which is to be held at Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW at 4.00pm on Friday 12 August.

The Board Unanimously Recommends Shareholders VOTE AGAINST ALL Resolutions

A statement from the Board of Ironveld,

"Richard Jennings has put to the Board a number of funding proposals in recent months which have been considered and rejected out of hand by all Directors. It is the Board's view that these proposals, which include expensive debt and highly dilutive warrants would suit Mr Jennings very well, but would be to the detriment of the Company's shareholders and the Company itself. Shareholders should recognise that Mr Jennings' proposals are not in their best interests or those of the Company's wider stakeholders, in particular its South African partners who are essential to the Company's activities, and we therefore recommend shareholders to vote against Mr Jennings' resolutions."

Extracts from the Shareholder Circular are available below. A copy of the Shareholder Circular will shortly be available to view at www.ironveld.com

For further information, please contact:

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LETTER FROM THE CHAIRMAN

IRONVELD PLC

(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 04095614)

Directors:

Giles Clarke – Chairman

Martin Eales – Chief Executive Officer

Nicholas Harrison – Non-Executive Director

Peter Cox – Technical Director

Registered Office:

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Sir Alfred Owen Way

Pontygwindy Industrial Estate

Caerphilly

Wales CF83 3HU

15 July 2022

To the Shareholders and, for information only, to holders of options / warrants

Dear Shareholder,

NOTICE OF GENERAL MEETING

The Board considers resolutions proposed by Mr Jennings to be vexatious, self-serving and linked to a number of commercial proposals Mr Jennings has put to the Company

The Board Recommends Shareholders VOTE AGAINST ALL Resolutions

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A statement from the Board of Ironveld,

“Richard Jennings has put to the Board a number of funding proposals in recent months which have been considered and rejected out of hand by all Directors. It is the Board’s view that these proposals, which include expensive debt and highly dilutive warrants would suit Mr Jennings very well, but would be to the detriment of the Company’s shareholders and the Company itself. Shareholders should recognise that Mr Jennings’ proposals are not in their best interests or those of the Company’s wider stakeholders, in particular its South African partners who are essential to the Company’s activities, and we therefore recommend shareholders to vote against Mr Jennings’ resolutions.”

The Board Recommends that Shareholders VOTE AGAINST ALL Resolutions

The Board believes that the GM Resolutions for the General Meeting requisitioned by Mr Jennings and being held on 12 August 2022 are **NOT** in the best interests of the Company and its shareholders as a whole and is unanimously recommending that you vote **AGAINST ALL** of the GM Resolutions.

The reasons why the Board recommends you VOTE AGAINST ALL the resolutions

Mr Jennings’ interests do not match those of all shareholders

The Board believes Mr Jennings’ interests do not align with those of the other shareholders. Mr Jennings has made a series of funding offers to the Company in recent months, including most recently on 3 July 2022, in which he offered to retract his requisition for a general meeting if the Company agreed to accept his terms, although still demanding the resignation of the Chairman. The email which contained the funding offer that Mr Jennings sent to the Company dated 3 July 2022 was published on Align Research’s Blog website on 9 July 2022.

Mr Jennings’ funding offers are typically structured as a mix of equity and debt, with a small amount of equity raised at a price significantly above the market price for the shares (without ever providing a logical explanation as to why other investors would purchase shares in sufficient quantity above the market price) and then a loan balance that can only be drawn in small tranches, typically monthly.

The simple fact is that Mr Jennings has not offered sufficient funding to complete the smelter acquisition and the planned refurbishment – his most recent offer was for £3.0 million (gross) in total over 12 months whereas the equity placing announced on 13 July 2022 (the “Placing”) delivered a minimum of £4.0 million plus £0.5 through the Broker Option immediately – and we do not think any additional funding would be made available on his terms by investors outside his group.

Mr Jennings’ funding structure requires the issue of warrants alongside the equity portion and the debt portion. Crucially these warrants would have to be repriced downwards and more issued in the event that any equity placing of shares at less than 1p a share were to take place in the next 12 months (for the ‘equity warrants’) and next 24 months (for the ‘debt warrants’). If the Company was unable to repay the £2.0 million debt plus interest in two years’ time it would be forced into swapping debt for equity at potentially lower prices than the current placing price of 0.3p a share (the “Placing Price”) – as well as repricing and increasing the number of warrants.

As part of their announced fee arrangements Turner Pope will receive 375 million warrants at the Placing Price. These are fixed price and will not be adjusted.

If the Company were to accept Mr Jennings' structure of £1.0 million equity with a "3 for 2" warrant this would require the issue of 150 million warrants and the £2.0 million debt portion would require the issue of 200 million warrants **but only if the Company were not to raise money at less than 1p during the applicable time periods.**

As a simple example, if the Company were to require an equity raising in 11 months' time to support growth or an additional accretive acquisition or for any other reason at **0.70p per share** (being the unaffected price of the Company's shares on 28 June 2022, being the last day before the announcement of Mr Jennings' actions) or **0.30p per share** (being the Placing Price) the 350 million warrants above issued alongside the £3.0 million package suggested by Mr Jennings would have to be adjusted as follows:

| | <i>Initial Award</i> | <i>Adjusted total for any Placing at 0.70p</i> | <i>Adjusted total for any Placing at 0.30p</i> |
|-----------------|----------------------|--|--|
| Equity Warrants | 150,000,000 | 214,285,715 | 500,000,000 |
| Debt Warrants | 200,000,000 | 285,714,285 | 666,666,667 |
| Total | 350,000,000 | 500,000,000 | 1,116,666,667 |

In this example alone the initial 350 million warrants at 1p must be adjusted to 500 million warrants at 0.70p in the event of a 0.70p fundraising, an uplift of 42.8 per cent; and to 1,116,666,667 at 0.30p in the event of a 0.30p fundraising, an uplift of 219 per cent, all because they are anchored against an initial specious 'equity subscription' level of 1.0p. These would need to be issued to the lenders alongside £2.0 million (plus interest) of shares at the same fundraising price if the debt was incapable of being repaid.

The Board feels that the traditional uncertainty inherent in smaller companies such as Ironveld means that overly complicated structures such as those proposed by Mr Jennings bring far more risk to all shareholders than the standard Placing, as already announced, and a potential for increasing concentration of control of the Company's shares in the hands of lenders.

Notwithstanding that the Board found the proposed terms of the warrant package alongside Mr Jennings' proposal unattractive, the interest rate to be charged on the £2.0 million debt would be 12 per cent per annum, which is also extremely expensive.

Finally, in Mr Jennings' proposal dated 3 July 2022 he stated that he had "solid commitments from selected existing shareholders" for an equity subscription of £1.0 million at 1p, to which he would subscribe £250,000. When the Company enquired of Mr Jennings on 4 July 2022 who the remaining funds would be subscribed by, he gave the name of a fund manager well known to Ironveld. Ironveld contacted the same fund manager on 4 July 2022 to verify these details, only to be told that he had verbally indicated to Mr Jennings that he would be interested in also subscribing for £250,000 of such a £1.0 million subscription, which meant that neither £750,000 nor a "solid commitment" existed. When this was queried with Mr Jennings he immediately claimed that he could underwrite £750,000 himself – so why not make this clear in the first place? We note that the net assets of Align Research

Limited as at 28 February 2022 were only £1.39 million and the company owed long term creditors over £700,000.

To summarise:

- Mr Jennings' offer is unnecessarily complex, adds expensive debt to the business and potentially brings the risk of much greater dilution for shareholders in the future as opposed to the fixed terms of the Placing Shares and Warrants proposed to be issued as part of the current Placing;
- By requisitioning the GM after being "wall crossed" on the intended Placing, Mr Jennings' actions have materially affected the Company's share price in a manner designed to make the small equity element of his proposal at the 1p subscription price look more attractive – and created some uncertainty amongst investors and the market which the Board believes made the Placing Price lower than it would otherwise have been; and
- He has made funding proposals to the Company that are insufficient in quantum, are expensive and which lack credibility given £500,000 of his "solid commitments" for £1.0 million failed to be backed up by the first piece of cursory checking by the Company.

The Board considers it is being coerced into an inappropriate and expensive funding structure

In addition, the Board informs shareholders that the Directors have been subjected to what they personally consider to be forms of coercion, threats and bullying by Mr Jennings over many months. He has been repeatedly in contact with the Directors via WhatsApp asking for information and detail which could be considered to be price sensitive and would be inappropriate to send to a single shareholder. The Board has taken the unanimous decision that this type of behaviour will not be tolerated.

Mr Jennings has no track record as a PLC director, but does have a track record of selling additional 'services' to other Align Research clients at a huge cost to them

Mr Jennings has never been a public company director. As a result of his behaviour, the Board considers that Mr Jennings does not understand that a director's fiduciary duty is to ALL shareholders, not just one, nor does he understand, based on what the Board has experienced to date, how to run a public company.

Mr Jennings' Align Research business operates by selling a promotional research product to smaller companies, taking a shareholding as part of his research compensation and then typically offering other 'funding services' to those companies. If they do not take it up, he often tries to replace members of the Board to get his way. On 4 April 2018, Pathfinder Minerals, a client of Align Research, received a requisition from Mr Jennings to replace the CEO, Nick Trew, and the Chairman, Sir Henry Bellingham. Mr Jennings, who held three per cent of the shares in Pathfinder Minerals via Align Research, released an announcement on Align Research's website on 26 March 2018 stating that Pathfinder Minerals had been "planning a capital raise at 0.6p in recent days even though we [Align Research] have represented that we [Align Research] stand ready to inject funds at 1p." In the case of Tectonic Gold, Mr Jennings' £100,000 original loan ended up being worth £600,000 to him when he accepted an asset in lieu of cash repayment and sold it into another company for a significant shareholding.

On 5 May 2022, Mr Jennings sent a letter requisitioning another general meeting addressed to Giles Clarke and Nick Harrison in their roles as directors of Kazera Global plc, however the text of the letter requested a general meeting for Ironveld plc. It seems that Mr Jennings is so frequently requisitioning unnecessary general meetings that he forgets which company he is trying to write to.

Ironveld is still a corporate client of Align Research and Mr Jennings, who are under contract to provide research services for the Company. This contract was extended by Mr Jennings by an extra 12 months in March/April 2020 until 2023 due to balance sheet issues at Align Research resulting in an inability to meet the agreed drawdown date for a £200,000 loan facility agreed in February 2020. As a fee-paying client of Align Research, the Board disagrees with the approach undertaken by Mr Jennings and Align Research towards a client.

As demonstrated in the examples above, Mr Jennings has a track record of offering loans to clients of Align Research and, if these proposals are rejected, Mr Jennings attempts to remove key management which can cause significant disruption to a company's operations and progress. This is why the Board strongly recommends that shareholders vote against the proposals at the General Meeting requisitioned by Mr Jennings and being convened for 12 August 2022.

By contrast Giles Clarke has a track record of building value and making money for investors

As many shareholders will know, Giles Clarke is a serial entrepreneur with a track record of making money for investors, having co-founded and grown Majestic Wine, PetCity, Safestore and Amerisur Resources. All these businesses were successfully sold to the benefit of all shareholders.

Giles Clarke has been a PLC director for 40 years since he was 29 and is a former Chairman of the England & Wales Cricket Board ("ECB"). When Giles became Commercial Chairman at the ECB in 2004 it had net liabilities of approximately £2 million; when he stepped down as Chairman of the ECB in 2015 it had net funds in excess of £70 million.

Martin Eales has been instrumental in driving Ironveld towards production and cash flow generation

The Board strongly believes that the smelter acquisition would never have been identified and progressed to the current cusp of completion without Martin's tenacity and professionalism. He has developed a strong relationship with the sole creditor (a leading South African financial institution) and negotiated terms for the acquisition that are highly attractive for Ironveld and its shareholders. Without Martin in place as Chief Executive Officer the transaction could be placed under serious threat.

If passed, the GM Resolutions risk the good financial health of Ironveld

The GM Resolutions were proposed at a time when the Directors were the largest creditors to the Company which included £140,000 of Director Bridge Loans immediately repayable if Giles Clarke and Martin Eales left the Board, as would a further £260,000 of the Bridge Loan funding from third party investors announced on 24 May 2022. As stated in the Placing announcement dated 13 July 2022, the Board has further supported the Company by subscribing £100,000 in cash to the Placing.

Ironveld is on the cusp of a transformational acquisition which would be put at risk by changing the Board

The timing of Mr Jennings' actions is completely inappropriate. The Board has spent at least 10 years getting Ironveld into a position where it is about to commence production after much hard work.

Progress is being made in the development journey with final contracts for the smelter acquisition progressing well. The complex smelter transaction would be irreparably derailed if the CEO and Chairman were removed prior to completion. As a reminder to shareholders, the smelter is being bought for ZAR 15 million now (approximately £750,000) and ZAR 100 million (approximately £5.0 million) over the next 10 years and the Company has been advised to insure the facility for at least ZAR 600 million (approximately £30 million). The acquisition of the smelter will provide the Company with up to 7.5 MW of smelting capacity within six to nine months, enabling processing of approximately 40,000 tonnes of magnetite ore on an annualised basis. Once the acquisition and refurbishment of the smelter have been completed, first product sales and cashflows are expected within 12 months.

Why the criticism of the Board by Richard Jennings should be dismissed out of hand

Accusation

- *“We are presently working on our own proposals ref financing the company that does not require such a large immediate raise and at a blended premium to the current stock price and that allows existing shareholders to preserve their equity worth.”*

Facts

The Placing is in the view of the Board vastly preferable to the debt and warrant laden structure on offer from Mr Jennings, which the Board considers unnecessarily complex and potentially more dilutive in future due to the requirement to adjust the strike price and volume of warrants for any Placing below the artificial initial price of 1p. The Placing also has the benefit of taking the project into production and cash generation by fully funding the acquisition and refurbishment of Ferrochrome Furnaces Limited's ("FCF") smelter, which Mr Jennings' proposal did not. All shareholders were invited to participate in the Placing through the Broker Option available via Turner Pope, so the Placing need not be dilutive.

The Board set out its reasons for proceeding with the Placing in the RNS announcement dated 13 July 2022 and the Placing Circular, also published today, at length and shareholders will have the opportunity to vote on the Placing at the General Meeting on 1 August 2022. These can be summarised as follows:

Timing – On 24 May 2022 Ironveld announced the agreed terms of the transaction to acquire the smelter and that it had agreed a three month exclusivity period ("Exclusivity Period") with Tayfin Forensic and Investigative Auditors and the sole creditor. In this announcement Ironveld explained that if it could not be sure that the investment by Grosvenor Resource Pty Limited ("Grosvenor") in the Company would be completed in line with the agreed Exclusivity Period it would seek alternative funding routes to finance the acquisition and refurbishment of the FCF smelter. In this announcement it was stated **at Mr Jennings' insistence** that shareholders holding approximately 9.0 per cent of the Company's shares would "hold their corner" in an alternative equity fundraising of up to £5.0 million at a price of up to 1.25p per new ordinary share and an offer of alternative loan capital. Following discussions with the Company's Joint Broker, Turner Pope Investments, and the favourable response of investors immediately following the announcement of the FCF acquisition Ironveld commenced with a bookbuild for the Placing on 24 June 2022 to ensure that all necessary funds would be obtained within the Exclusivity Period, rather than for Grosvenor's funding process to complete.

Far from holding his corner for 9 per cent. of a Placing, as he had previously confirmed, Mr Jennings submitted his requisition to the Company to call a general meeting and propose the GM Resolutions within 30 minutes of being "wall crossed".

Certainty and Quantum – The Placing is the most appropriate method to raise a sufficient quantum of funding to cover the FCF acquisition, refurbishment and the Company’s working capital requirements until the forecast sales revenues from finished products will be received. No other potential funding route available to the Company at the time the Placing was undertaken provided sufficient funds to meet the Company’s requirements.

Appropriate mix of equity and debt – The acquisition terms for the smelter include the purchase of ZAR 100 million (approximately £5.0 million) of debt from the sole creditor to FCF. Importantly this is only secured on the smelter itself and not Ironveld’s wider assets. Given the market capitalisation of Ironveld, the Board considers it unwise to enter into materially more debt than this amount given the Company’s current circumstances. Other offers of funding to the Company (including those from Mr Jennings) included high proportions of debt with onerous terms that would have to be repaid (whilst equity, of course, does not) either in cash or shares at the prevailing price and typically with the requirement to also award extremely high levels of warrants with no fixed floor price.

Pricing – The Company’s last fundraising was conducted at 0.30p in November 2020, when there was no immediate route to production and development, compared to that provided by the Placing and smelter acquisition today. The Placing Price of 0.30p is exactly in line with the previous transaction and indeed the same price that Mr Jennings received shares in the Company alongside the 2020 placing. Without the actions of Mr Jennings, whereby his requisition and the Placing had to be announced on 29 June 2022, the Board strongly believes that the Placing would have been completed at a significantly higher price. The closing price of the Company’s shares on 28 June 2022 was 0.70p.

Equitable for shareholders – Via the Broker Option, which was announced alongside the Placing, Shareholders were able to obtain shares at the Placing Price and to share the benefits of the FCF acquisition rather than these benefits principally accruing only to Mr Jennings and his partners under their debt funding structure. We were delighted to note that the Broker Option was subscribed for £0.5 by shareholders.

Accusation

- *“What perplexes us and exercises our minds is IF the BoD still believes that Grosvenor will complete (large questions need asking ref why they have gone this far with them when we look at the history above) then why does Mr Clarke in part or whole not put up the interim funding to allow the deal to complete as opposed to prejudicing existing shareholders many of whom not only believed the BoD’s multitude statements (and that they must own) but quite possibly cannot “go again” ref holding their corner. Further, to raise equity into this market environment is nonsensical.”*

Facts

The Board would like to thank shareholders for their patience with regards to the Grosvenor funding, which has taken longer than anticipated to close but has had several complicating factors. The Board conducted thorough due diligence on Grosvenor, which is backed by very well connected individuals in South Africa. The Board remains confident the agreed funds will come from Grosvenor when it secures its funding, indeed Ironveld would be duty bound to inform the market otherwise if it felt that the transaction was not going to complete. As noted in the 24 May 2022 announcement, the smelter acquisition will materially aid Grosvenor’s funding process but should Mr Jennings’ proposed GM Resolutions be passed the smelter acquisition, which has been so painstakingly negotiated, would be in jeopardy. As a reminder, the smelter is being bought for ZAR 15 million now and ZAR 100 million over 10 years with an insurance value many times higher than that.

Accusation

- *“Bluntly, you have run the company’s cash pot bare whilst holding onto your belief in Grosvenor and as a direct consequence of these actions, shareholders face a XXXXX XXXXXX raise.”*

Facts

The Board considers this to be a ridiculous accusation from Mr Jennings. At the time of Mr Jennings’ requisition, the Directors were the largest creditors to the Company with outstanding loans, deferred salaries and deferred fees which included the £140,000 of Director Bridge Loans from Giles Clarke and Martin Eales, which would be immediately repayable if they left the Board. In addition to the £40,000 Bridge Loan Facility advanced in May 2022, the CEO has deferred over 40 per cent of his salary since joining the Company and prior to the Placing was owed over 13 months’ worth of salary in addition to his loan. As announced in the Placing announcement dated 13 July 2022, the Directors are converting over £350,000 of gross loans, salaries and fees and subscribing for a total of £100,000 cash in the Placing.

Accusation

- *“As an aside, if during the last 12 months you and your fellow BoD members have been accruing (let alone taking) salary during this debacle this will speak volumes to me personally ref your “alignment” (excuse the pun) with shareholders.”*

Facts

This is another ridiculous accusation. Shareholders do not expect public company directors to work for free or not have their contracts respected and illustrates that Mr Jennings has no experience of managing public companies.

In addition, if a company does not pay its directors, it will not obtain their services. The Company has, and always will under the current management, honour its contracts.

Accusation

- *“Many of your and Mr Clarke’s statements to me raise more questions than answers.”*

Facts

Mr Jennings has zero experience of running a public company. All relevant and price sensitive information has been put into the market via RNS. Mr Jennings has been constantly rude and in contact with the Directors via WhatsApp asking for information and detail which could be considered to be price sensitive and would be inappropriate to send to a single shareholder. The Board has taken the unanimous decision that this type of behaviour will not be tolerated.

The Board Recommends that Shareholders VOTE AGAINST ALL Resolutions

Yours faithfully

Giles Clarke
Chairman