

5 June 2013

**Ferrex plc ('Ferrex' or 'the Company')**  
**Increased Exploration Target Tonnes and Grade at Malelane**

Ferrex, the AIM quoted iron ore and manganese development company focused in Africa, is pleased to announce at least a 70-79% increase in its contained iron ore exploration target to 1.6billion tonnes ('bt') – 2.0bt at 28 to 30% Fe at its 74% owned 4,192 Ha Malelane Iron Ore Project ('Malelane' or 'the Project') located in the prospective Mpumalanga Province of South Africa with direct access to the port of Maputo in Mozambique.

**Overview**

- Independent review by the Company's consultant geologist has increased the Malelane Exploration Target\* from 775 -930Mt at 34-36% to 1.6bt to 2.0bt at 28-30 % Fe.\*
- Exploration Target contains a higher grade portion that contains 900Mt to 1.2Bt at 36 - 38% Fe at a 20% Fe cut-off
- New target based on applying geological model from drilling across three mapped Banded Iron Formation outline which extends for 14km across 300m widths at Malelane
- Significant potential to increase current Inferred JORC code compliant resource of 139Mt at 37% in the long-term (resource only covers 1.1km of 14km BIF strike)

\*The potential quality and quantity is conceptual in nature and there has been insufficient work completed at present to define a Mineral Resource in this area under the JORC (2004) Code. The nature of an Exploration Target is such that it is uncertain if further exploration will result in the determination of a Mineral Resource.

**Ferrex Managing Director, Dave Reeves said:** "We are delighted to report this significant increase in the Exploration Target for Malelane which supports our long-term view that the project potentially contains a significant large-scale iron-ore resource. In line with our strategy of developing assets which are close to infrastructure that have near-term production potential and in-turn cash generating capabilities for the Company, we remain committed to commencing development of the smaller scale, low capex start-up operation (1.8Mt pa over 16.6 year life) that utilises the existing infrastructure of a main rail route to Maputo in Mozambique 170km away. However at the appropriate point of Malelane's exploration and development, the Company will investigate how best to extract the potential 2.0Bt iron resource on a much more significant scale to fully unlock the Project's intrinsic value."

**Further Information**

The Exploration Target has been calculated by Mr L. Widenbar of Widenbar and Associates. The target size has been generated by building 3D wireframes to a depth of 200m below surface and applying the relative grade distributions from the areas that have been drilled to those that have not yet been drilled. The surface outline of the BIF was defined using a combination of mapping and aeromag images. A density of 3t/m<sup>3</sup> was utilised.

Based on these factors, a block model was built for each distinct area and a new Exploration Target was generated for each of the zones which were then summed together to conclude with the Total Exploration Target. This total number was then rounded to reflect the conceptual nature of Exploration Targets.

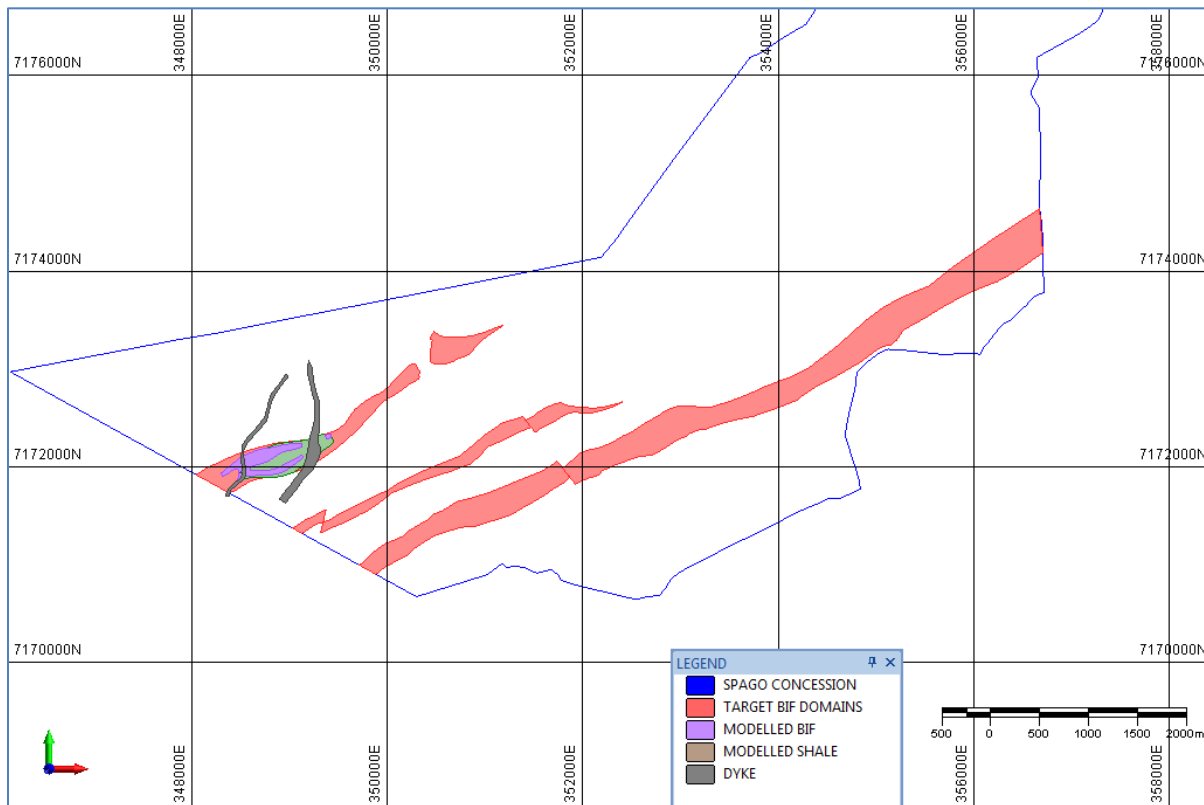
Table 1: Total BIF Exploration Target

TOTAL BIF	TONNES (m)		GRADE
DOMAIN	FROM	TO	FE
SOUTH	1,130	1,380	28-30
CENTRE	360	440	28-30
NORTH	130	150	28-30
TOTAL	1,600	2,000	28-30

Table 2: BIF > 20% Fe Exploration Target

BIF 20% CUTOFF	TONNES		GRADE
DOMAIN	FROM	TO	FE
SOUTH	660	810	36-38
CENTRE	210	260	36-38
NORTH	70	90	36-38
TOTAL	900	1,200	36-38

Figure 1: Outlines used for the Exploration Target Generation



Information in this release that relates to exploration results is based on information compiled by Ferrex Exploration Manager Mr Mark Styles. Mr Styles is a qualified geologist, a member of the Australian Institute of Geoscientists and is a Competent Person as defined in the Australasian Code for Reporting of Exploration Results. Mr Styles consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources and Exploration Targets has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimate/Exploration Target based on data and geological information supplied by Ferrex. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

**\*\*ENDS\*\***

For further information and the full Admission document visit [www.ferrexplc.com](http://www.ferrexplc.com) or contact the following:

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## **Notes**

Ferrex plc is an AIM quoted, leading iron-ore and manganese exploration and development company in Africa. The Company is focussed on advancing low capex deposits, which benefit from proximal established infrastructure, up the development curve and into production. Ferrex has a solid portfolio of assets including three primary projects: Nayega Manganese Project in Togo ('Nayega'), Mebaga Iron Ore Project in Gabon ('Mebaga'), and Malelane Iron Ore Project in South Africa ('Malelane').

At Nayega, Ferrex is currently conducting a Bankable Feasibility Study and expects to be developing Nayega during 2013. A Scoping Study indicates that Nayega could produce 250,000 tonnes per year of manganese concentrate at 38% with an initial capital expenditure of under \$15m. The Company anticipates that cash generated from production at Nayega will be used to assist in the future funding of development at its additional projects.

In parallel with this, Ferrex is focussed on proving up resources at its Mebaga concession in Gabon. Earlier work at Mebaga by the BRGM, the French public earth sciences institution, produced an exploration target of 20Mt @ 60% iron (Direct Shipping Ore\* ('DSO')). Ferrex has full access to the BRGM records and plans to produce a JORC resource and Scoping Study before the end of 2013 at which time it will apply for a Mining Licence. A 3,000m drill program is currently underway.

The Company also holds the Malelane Iron Ore concession in eastern South Africa. A Scoping Study on Malelane has demonstrated its potential to produce 1.8mtpa of beneficiated ore per year, with initial capital expenditure of \$139m, a payback of 1.9 years, a Net Present Value of US\$523m (10% discount rate) and a 16.6 year life-of-mine. Conceptually, cash generation from Nayega and Mebaga will be utilised to obtain finance for Malelane once again limiting share dilution.

Ferrex has 805m shares on a fully diluted basis. The Directors have subscribed for and purchased approximately 32% of the issued share capital of the Company and thus aligned with shareholders interests.

\*Direct Shipping Ore is ore which is high enough grade that the iron does not need capital intensive processing into concentrate at the mine. Conceptually it can simply be dug up, crushed to a uniform size, transported and sold.