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Ferrex plc ('Ferrex' or 'the Company')
Positive Scoping Study Results Malelane Iron Ore Project South Africa

Ferrex plc, the AIM quoted iron ore and manganese development company focused in Africa, is pleased to announce positive results from an initial Scoping Study on its 4,192ha Malelane Iron Ore Project ('Malelane') located in the prospective Mpumalanga Province of South Africa with direct access to the port of Maputo in Mozambique.

Overview

- Positive results indicate the robust economic potential of Malelane and provide a strong platform for the pre-feasibility study targeted to be completed by end of 2012
- Scoping study focuses on the development of a 3Mt per annum operation over a 16.6 year life of mine (based on a JORC Inferred resource of 154 Mt at 35.17% Fe) and shows:
    - An IRR of 39% with an NPV of US$513 million (pre-tax) at a discount rate of 10%.
    - An operating cost of approximately US$59/t FOB
    - Capital expenditure of US$297m with significant reduction expected in revised study
- Low capital cost places Malelane in the lowest quartile for capital intensity* of new iron ore projects worldwide at US$99/t per tonne of concentrate produced per annum (US$/conc tpa) (Figure 1)
- Strong opportunity to further reduce capital and operating costs – metallurgical testwork indicates potential to produce iron concentrate at a significantly lower cost

*****capital intensity is the capital cost of the project divided by the tonnage of product produced per annum

Ferrex Managing Director Dave Reeves said, "The robust economic results from the Scoping Study are a result of the low capital cost of constructing a three million tonne per annum operation at Malelane with a 16.6 year mine life, placing it in the lowest quartile for capital intensity of new iron ore projects globally.

"These results, which have been published only 10 months since Ferrex listed on AIM, support the Board's vision of targeting low capital intensity projects that are suitable for rapid development and confirm the Company's decision to proceed immediately with the pre-feasibility study which is targeted for completion in late 2012.

"We are also confident that the capital and operating costs will be significantly improved upon as we optimise the processing routes for Malelane in the coming months therefore further lower the project's capital intensity position globally. Recent metallurgical testwork has highlighted that a crush and dense media separation process could produce a similar concentrate to that produced by

grinding and magnetic separation currently assumed by the Scoping Study at a significantly lower cost. In addition, we have not modelled the extraction of any DSO ore separately in the current model which should provide a couple of years of initial production without the requirement for any process plant apart from crushers and screens. With this in mind, we look forward to updating this study when the results have been finalised and fully costed."

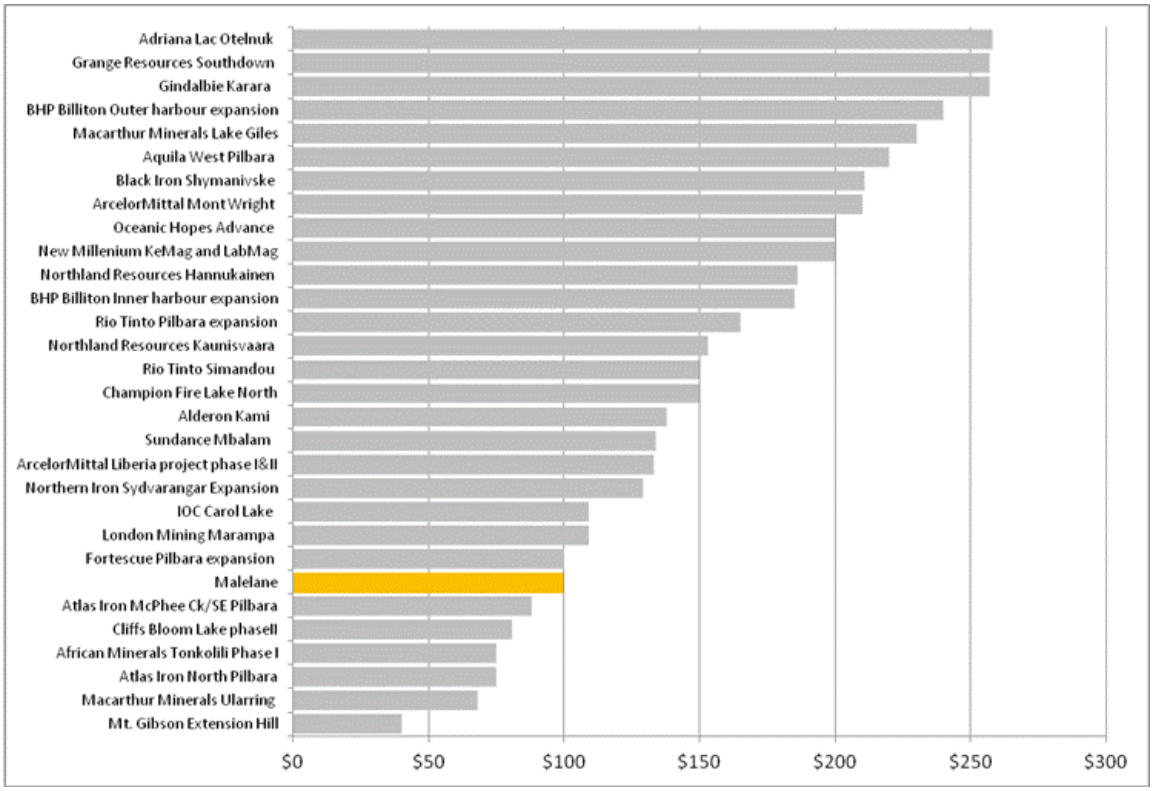

Figure 1: Graph of Capex Intensity (US$/conc tpa)

Scoping Study

Overview

Ferrex commissioned Turgis Consulting ('Turgis'), a South African based engineering consultancy company, to conduct an independent desktop scoping study of the mining, process plant and surface infrastructure of the Malelane Project.

Mining

A high level geotechnical assessment was undertaken to provide concept level slope angles that were applied in the concept design during the Whittle optimisation studies.

The Whittle optimisation results of the inferred resource model indicate that an economic pit containing 107.2 million tonnes of ore at an average diluted head grade of 38% Fe will sustain a mine life of 16.6 years. The pit requires 105 million tonnes (includes rejected ore) of waste to be

mined in order to access the ore, resulting in an overall low stripping ratio of 0.98 to 1 (waste to ore).

The earthmoving fleet assumed to achieve the above open pit production schedule was based on a truck and shovel mining approach. The fleet was selected on the basis of matching haul trucks to face shovels for the loading and hauling requirement.

Processing

The process design was based on the previously released metallurgical testwork conducted on samples from the Malelane ore at ALS Ammtec Laboratories (Ammtec) in Balcatta, Western Australia. The testwork was supervised and interpreted by ProMet Engineers (Pty) Ltd.

The process design has been based on the latest designs used for high silica hematite deposits, and consists of the following:

- Primary, secondary and tertiary crushing and associated screening
- Ball milling
- Wet High Intensity Magnetic Separation ('WHIMS')
- Further grinding
- Flotation
- Tailings and thickening

The ore would be tipped into a primary crusher and the crusher product conveyed to the crushed ore stockpile. This stockpile would provide a buffer between the mining operation and the processing plant. Crushed ore would be withdrawn from the stockpile with vibrating feeders and fed to the secondary and tertiary crushing plant. Ahead of the secondary crusher, the ore would be screened, with only the oversize passing into the crusher. The secondary crusher product would be combined with the secondary screen undersize and fed to the tertiary screens. The oversize from the tertiary screens would then be fed to the tertiary crushers, with the crusher product being returned to the tertiary screens. The tertiary screen undersize would then be conveyed to the mill feed bins.

The crushed ore would be milled in ball mills operating in closed circuit with classifiers to produce a product with a size of 100 per cent passing 425 microns. The milled product would be separated in a train of WHIMS operating at a magnetic field strength of 20,000 gauss. This operation would produce a magnetic product which would require further upgrading due to its high silica content. The non-magnetic fraction will be thickened and pumped to the tailings dam. The magnetic product will then be milled further to a size of 45 microns in Verti-mills or an alternative fine grinding mill. The finely ground product would then be subjected to reverse flotation to remove the silica impurity from the iron concentrate. The use of a cationic collector reduces the silica content of the magnetite product to between 5 and 7 per cent. The magnetite product would then be thickened and filtered at the rail siding to produce a product that has a low enough moisture content such that it can be

conveyed into a storage silo for loading onto the rail wagons. The concentrate produced by the flotation process comprises mainly silicates and would join the non-magnetics fraction from WHIMS and be thickened and pumped to the tailings dam.

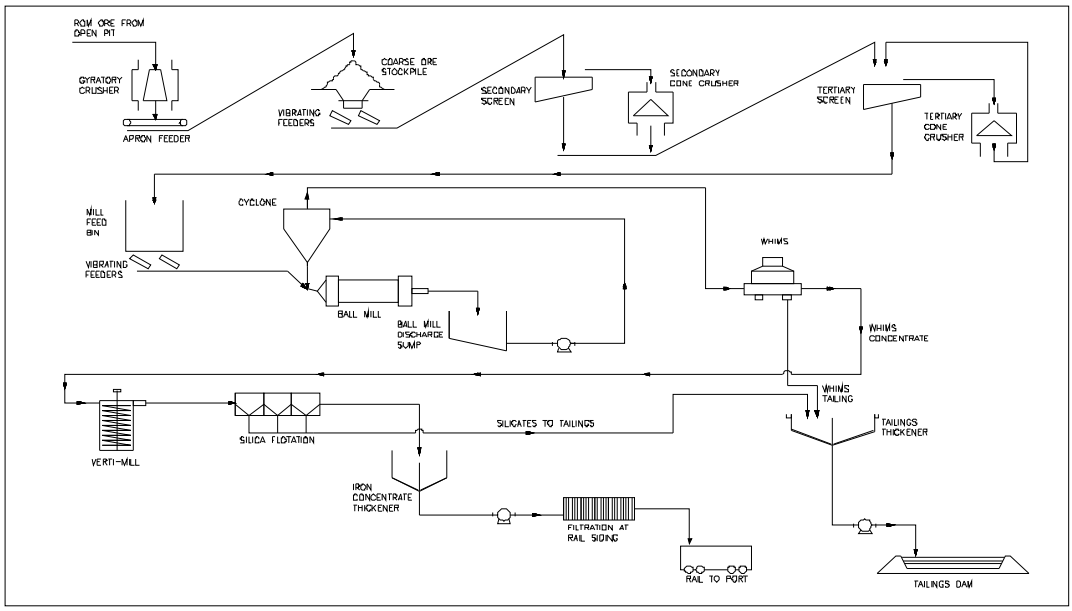

Figure 2: Process Flow Diagram

Transport

The concentrate would be slurried to the Magnesite rail siding located 6km distant from the process plant. At the siding, water would be reclaimed and pumped back to the process plant and the product will be stored for loading via a rapid loadout facility that would be constructed as part of the project.

The iron concentrate product will then be hauled by train to the Matola Bulk Port located in Maputo Mozambique 170km away from Malelane in South Africa.

For port handling facilities, direct correspondence with the Maputo Port Development Corporation ('MPDC') indicated that there is sufficient material handling capacity at the Bulk Handling Terminal at Matola at the Port of Maputo for 3 million tonnes per annum of fine iron ore concentrate to be received by rail on completion of its port expansion project. The MPDC detailed that for the purposes of this study, it is not necessary to include capital for materials handling at the port as there is currently an iron ore facility in Maputo and the client would not need to establish additional capacity.

Services

For the purposes of power supply to the mine, it was estimated that the peak demand for the mining and metallurgical plant and associated infrastructure would be in the region of 40 MVA. The calculation is based on a plant requirement of 26.5 kWh per tonne of ROM ore processed in

addition to the mine infrastructure and pumping requirements. Typical bulk supply costs have been used for capital estimations with operating rates based on the latest Eskom tariffs.

An allowance (both capital and operating) has been made for pumping water from the Driekoppies dam located to the south of the process plant.

In addition, the following surface infrastructure has been included in the costing:

- Management offices.
- Changehouse facilities.
- Workshops for the plant and mining requirements.
- Fuel dispensing station.
- Mine stores.
- A provision for security and fencing requirements.
- Access, haul and internal roads.
- Fire Prevention.
- Electrical reticulation.
- Service vehicles.
- Water management.
- Provision has been made for the catchment, pumping, settling, storage and handling of potable, sewage, storm and dirty water.
- IT systems and control room.

Capital and Operating Costs

All costs are according to generally accepted desktop levels of accuracy (+/- 50%) or higher and are included in US$ terms at a base date of April 2012 and are based on an exchange rate of ZAR 8.00: US$1.00.

It is anticipated that a mining contractor would be used for the mining operation for Malelane. As such there is not inclusion of up front capital for the purchase of earthmoving equipment for the operation. All expected capital recoupment costs associated with the mining contractor are included in the mining operating cost provision.

The process plant capital costs have been benchmarked extensively against Turgis' internal database and escalated accordingly, taking the following into consideration:

- The specific process and plant design requirements for the unique requirements associated with the processing of this ore.
- The production schedule requirements.
- The geographic location of the process plant.

Capital costs include costs associated with the pre-production prior to first processing of ore. Initial capital costs are shown in the Table below.

CAPITAL COSTS	TOTAL US$
Mining - Included in Contractor Rates	
Infrastructure	**3,419,068**
Bulk Utilities	**20,130,375**
Plant	**203,615,654**
Logistic Capital Cost	**14,402,250**
Sub Total Capital Cost	**241,567,347**
EPCM (12%)	**28,988,082**
Contingency (10%)	**27,055,543**
TOTAL	**297,610,972**
Initial Capital Expenditure	**297,610,972**
Total Capital Expenditure	**297,610,972**
Capital Cost per Tonne Mined US$/Concentrate t/pa	**99**

Operating costs include sustaining capital and were estimated based on benchmarking other similar operations internationally, the Turgis internal database and previous work on similar iron ore mines of similar productivity and are shown in the Table below.

OPERATING COST US $	TOTAL US$
Mining Consumables	**437,765,923**
Infrastructure	**5,608,614**
Bulk Utilities	**238,860,546**
Process Plant	**384,835,204**
Labour	**185,989,317**
Logistic Operating Cost	**1,229,466,410**
Sub Total Operating Cost	**2,482,526,013**
Rehabilitation (US$ 0.03/t)	**6,369,005**
Contingency (10%)	**248,889,502**
TOTAL OPERATING COST	**2,737,784,520**

Operating cost per tonne mined (US$/t)	**14.46**
Operating cost per tonne of Concentrate (US$/t)	**25.74**
Operating cost per Concentrate ore tonne (US$t)	**58.65**

The financial model has been used to forecast net present values ('NPVs') at a range of real discount rates. The financial model assumes that the ore is produced and sold free on board ('FOB').

The revenue is based on current pricing with the following logic:

- Platts SBB Steel markets daily Volume 6 dated 20 April 2012, quotes TSI iron ore indices for 58 % Fe fines at US$ 135.40/dmt CFR Tianjin port.
- Fe differential per 1% differential for 56 % to 59 % Fe @ US$ 4/dmt. This equates to a US$ 8/dmt discount on the product for this project.
- Using a freight cost of US$ 27/tonne, the FOB pricing results in US$ 100/tonne.
- An additional discount of US$ 5/tonne has been allowed, which results in an overall revenue of US$ 95/tonne of 56% Fe product FOB.

TSI = The Steel Index
dmt = dry metric tonne
CFR = Cost and Freight
FOB = Free on Board

At a desktop level of study, the project shows an Internal Rate of Return ('IRR') of 39%, with an Net Present Value ('NPV') of US$513 Million (pre-tax) at a discount rate of 10%.

The figure below shows how the projected NPVs at a real discount rate of 10% would vary for changes in revenue, capital and operating cost, with revenue and operating cost having the most influence on NPV.

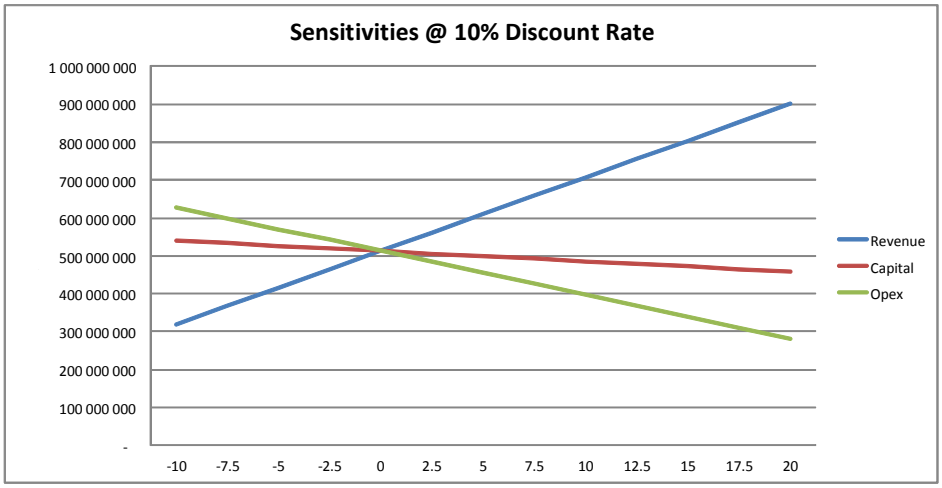

Figure 3: Sensitivities at 10% discount rate

Project Potential

In terms of the future potential of the project, further metallurgical testwork is currently underway to enhance the product potential. The testwork is investigating crushing the ore to minus 6 mm and then processing the +1 mm – 6mm ore through a dense media separation ('DMS') as a stage 1 process, with the -1 mm to be processed through a WHIMS circuit. Preliminary results are encouraging, although further testwork is required.

Should the testwork prove viable, the upside potential is a significant reduction in the grinding requirements of the overall plant, which would reduce the capital cost requirements, the power consumption requirements and the overall plant operating costs.

Further potential also exists in the transport and port costs. For the purposes of this study, a single rail option to Maputo port was considered. Transnet is currently busy with studies to expand the rail network through Swaziland, and it is understood that preliminary discussions with the Client offer potentially economically viable alternatives for reduced rail and port handling costs to Richard's Bay or Durban.

Further information

Malelane is located over part of the Archaean Barberton Greenstone Belt, close to infrastructure and just 6km from an electrified railway line which services the deep water port of Maputo in Mozambique 170km away.

Three distinct BIF horizons have been identified on the property with a combined strike length of 14km and mapped horizontal widths of up to 300m. A maiden JORC Code compliant Inferred Resource of 139Mt @ 40.1% CaFe has been calculated over 1.1km of the 14km strike length. Mining consultants Coffey Mining calculated a total exploration target at Malelane of between 775 and 930Mt at 34-36% Fe.

Competent Person Statement

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.

Caution Regarding Forward Looking Statements: Information included in this release constitutes forward-looking statements. There can be no assurance that ongoing exploration will identify mineralisation that will prove to be economic, that anticipated metallurgical recoveries will be achieved, that future evaluation work will confirm the viability of deposits that may be identified or that required regulatory approvals will be obtained.

****ENDS****

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Notes

Ferrex plc is an AIM quoted exploration and development company focused on advancing low capex iron ore and manganese projects in Africa through the development cycle and into production. Our current property portfolio comprises iron ore (Malelane) and manganese (Leinster) projects in South Africa, a manganese project (Nayega) in Togo and a manganese project (Changara) in Mozambique, all of which offer the potential for significant near-term value uplift.

The Company's growth strategy is centred on advancing its current assets, utilising its Board and management team's considerable experience in developing resource projects across Africa and expanding its portfolio through acquisitions to build Ferrex into a mid-tier, low-cost producer of iron ore and manganese.