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Ferrex plc ('Ferrex' or 'the Company')
Low Opex Potential at Gabon DSO Iron Ore Project - Desktop Order of Magnitude Study

Ferrex plc, the AIM quoted iron ore and manganese development company focused in Africa, is pleased to announce that a desktop study for operations and associated costs has highlighted that significant potential exists for low operating costs at its 309 sq km Mebaga direct shipping ore ('DSO') iron ore project in northern Gabon ('Mebaga').

Overview

- Two operational scenarios - 1mtpa (Scenario A) and 3mtpa (Scenario B) of DSO iron ore ('Fe') included as part of desktop order of magnitude study
- Free On Board ('FOB'), DSO cost of $41/t Fe for Scenario B, and FOB DSO cost of $45/t Fe for Scenario A
- Cost, Insurance & Freight ('CIF') China, DSO cost of $61/t using current freight rates for Scenario B and $65/t for Scenario A
- Independent marketing agents have confirmed that the DSO material should command premium over 62% Fe benchmark price currently at $95/t CIF China
- Significant benefits as the closest DSO project to the Libreville port in the Belinga Super Group area and route to Libreville Port will utilise a large amount of existing infrastructure

Ferrex Managing Director Mr. Dave Reeves said, "We are very encouraged by the results of this desktop study which, with a FOB cost of between $41/t and $45/t for both operational scenarios, demonstrates the significant potential for low operating costs at Mebaga. Importantly independent marketing agents have confirmed that Mebaga's ore, which has low levels of silica, alumina and phosphorous, should be sold at a premium to the 62% iron benchmark price. When the low capex estimations are coupled with a premium benchmark DSO price and the fact that we will utilise a large amount of existing infrastructure, the potential returns for Mebaga look very exciting.

"We are now focussed on closing a new funding option for the project and intend to commence drilling in the next dry season December 2014/ January 2015. This drill programme will be followed by a more in-depth Scoping Study that will investigate the operating costs in more detail and define the capital costs associated with the project. We look forward to reporting on these developments in due course."

Further Information

Mining

The deposit outcrops on an elevated ridgeline and hence will have a low strip ratio. It is expected that all material will require light blasting to ensure adequate fragmentation for material movement.

It is envisaged that the mining will be undertaken by an independent contractor who will provide the mining fleet required for the operation. Costs for the mining have been based on the recent tenders for Ferrex at its manganese project in Togo and the recent costs published by other operators and developers in the region. Based on a strip ratio of 1:1, which has been estimated from the drilled area to date at Mebaga, this results in a mining cost of $8.00 per tonne of run-of mine ('ROM') ore delivered.

Processing

There are three styles of ore at Mebaga that will all require slightly different processing, namely (i) DSO, (ii) Detrital Ore and (iii) Friable Itabarite. Drill core for testing has been collected and is ready for dispatch to Australia for initial investigation although all nine holes drilled in 2013 intercepted DSO mineralisation. In the meantime, recoveries, yields and processing styles have been estimated based on similar deposits in the region.

(i) The bulk of the ore lies as DSO material as shown by drill hole NDGH008 that intersected 25m of 62% Fe. As this ore is predominately goethite, it has a high loss on ignition ('LOI') which results in a calcined iron ('CaFe') content of 66%. This high grade is a result of the very low impurities with a combined aluminum ('Al') and silicon ('Si') content of less than 4.5%. The DSO material will require a simple crush and screen into fines and lump products and is expected to receive a premium to the 62% Fe benchmark price due to its low impurities. A summary of drill hole NDGH008 intercept is shown below.

Fe:	62.0%
CaFe:	66.2%
Al:	2.5%
Si:	2.0%
P:	0.05%
LOI:	6.3%

(ii) The detrital material is very similar to other deposits in Gabon and Congo. The material grades 50% in situ with the majority of the waste inclusion being alumina in the form of clay. It has been assumed for base economics that this material is crushed, washed and screened and the -1mm removed as waste. It has been assumed that a 90% recovery of Fe and an 80% mass recovery is achieved.

(iii) The friable itabarite comprises iron oxide species of hematite and goethite with lesser magnetite and kenomagnetite. This material, although higher grade, is similar to the oxidised-transitional friable itabirite mineralisation at Tawana's Mofe Creek iron deposit in Liberia.

Beneficiation tests on Mofe Creek diamond core showed that a high quality product with low contaminants could be produced using simple gravity techniques with a process route of fine crushing, screening and upgrade through spirals. Processing of friable itabirite at Mebaga will likely be possible using a similar route.

It is envisaged that DSO material will be targeted first with plant expansions to cater for the detrital ore and then the friable itabarite. Based on costs obtained for a Definitive Feasibility Study for Ferrex's Togo Nayega Manganese Dense Media Separation operation, operating costs have been estimated on a per tonne of iron product as follows:

DSO processing Cost:	$2.50/t
Detrital Processing Cost:	$4.50/t
Itabarite Processing Cost:	$6.50/t

Land and Loading Logistics

One of the main costs associated with bulk commodities is the land logistics. As the closest DSO project to the Libreville port in the Belinga Super Group area, Mebaga has a distinct advantage over its competitors. Two scenarios have been investigated, Scenario A, a 1mtpa start-up operation using trucks to a barge at Kango on the Libreville estuary and Scenario B a longer term, 3mtpa solution via overland transport to the rail at Booue and then railing of the product to the Port of Libreville.

(i) Scenario A - 1mtpa via road and barge

In this scenario, material is hauled directly from the mine to a transhipment facility at Kango. The haulage assumes 30km of all weather dirt road and then bitumen road to Kango which is situated on the Libreville estuary. It was assumed that a 65t load would be hauled in two trailers. This is less than optimal, but is considered a practical tonnage considering the safety of the public on the road and will require Government approval.

Once at Kango, the product will need to be transferred by dumb barge to ships anchored offshore. Shallow draft barges will be loaded at Kango and pushed by tug to a floating crane. This crane will then load the anchored vessels.

Trucking Cost:	$20/t
Transhipment cost:	$10/t

(ii) Scenario B - 3mtpa plus via road or ropeway to Booue and rail to Libreville

This scenario has the product delivered to the Trans-Gabon railway at Booue, which is located 100km due south of Mebaga. Two options have been investigated to deliver the product, either by truck or aerial ropeway.

The preferred option uses an aerial ropeway. This is proven technology and has been in use for over 100 years and is seeing a revival with mining companies currently constructing ropeways for use where terrain is an issue or where a rail cannot be justified but a lower operating cost is desired. Currently there are two aerial ropeways of 18km and 36km in length in South Africa being submitted for environmental approval serving chrome developments in the eastern bushveld. Gabon itself has a history of ropeways with the 76km ropeway connecting Franceville to the Republic of Congo for the export of manganese ore before the Trans Gabon rail was built.

Costs for the 100km ropeway have been sourced from a concept study conducted by Kuka Mining Logistics who are experts in this field and have proposed a build, own, operate model for Mebaga thereby reducing the development capital required.

Operating costs for the 338km rail haulage from Booue to Libreville of $0.052/tkm have been estimated from a combination of track access rates as supplied by SETRAG, the operator of the Trans Gabon railway and lease/operating costs based on the leased locomotives and wagons.

Transhipment will be undertaken using barges and rotainers as per the small start-up option.

Aerial ropeway: $3.00/t
Booue to Libreville Haul 338km: $17.58/t
Transhipment Costs: $5.00/t

Total Operating Costs

The individual components have been combined to produce a budget operating cost for the various options which is as follows:

Scenario A: 1mtpa Operation

Activity	**DSO Material**
Mining	8.00
Processing	2.50
Trucking	20.00
Barging	10.00
Royalties and G&A	5.00
Total FOB	**$45.50/t**

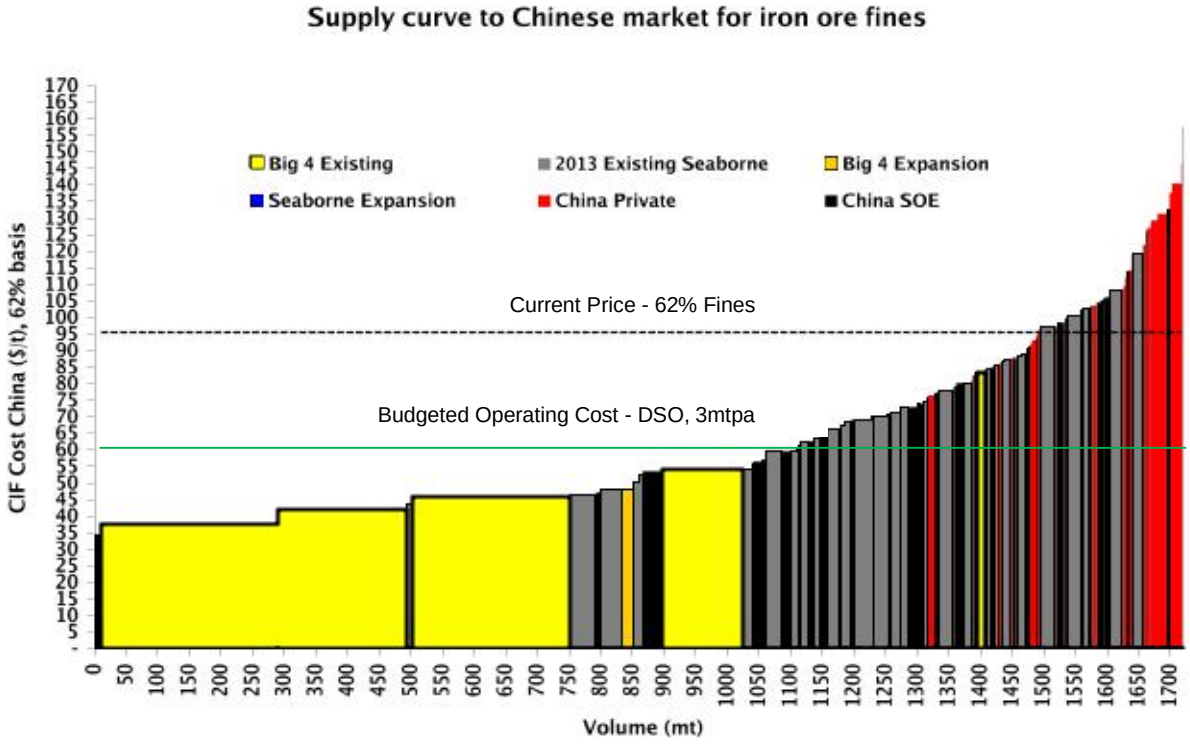
Scenario B: 3mtpa Operation

Activity	DSO Material
Mining	8.00
Processing	2.50
Mine to Booue	3.00
Rail	17.58
Barging	5.00
Royalties and G&A	5.00
Total FOB	**$41.08/t**

*Royalties based on $100/t revenue

Cost Comparison

The budgeted cost of production CIF China using current freight rates of $20/t for cape sized vessels, shows the operation is well positioned on the cost curve outside of the majors and makes an attractive margin even at current prices. Combined with the anticipated low capital costs, this should lead to an above average IRR for an iron project.



*Source Macquarie Jul 2014

Photos of Existing Infrastructure to be used in the Mebaga Project

Road near Mitzic

Trans-Gabon Rail near Ndjole

Power lines near Mitzic

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.

The information in this report that relates to Mineral Resources 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 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.

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****

For further information and the full Admission document visit www.ferrexplc.com or contact the following:

Dave Reeves	Ferrex plc	+ 61 (0) 420 372 740
finnCap		+44 (0)20 7220 0500

Elizabeth Johnson / Joanna Weaving	Broking	
Matthew Robinson / Ben Thompson	Corporate Finance	
Felicity Edwards/ Elisabeth Cowell	St Brides Media and Finance Ltd	+44 (0) 20 7236 1177

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 2014. 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. A recent review has lead to the estimation of an exploration target comprising 90 to 150Mt @ 35 to 65% Fe (oxide target) and 550 to 900Mt @ 25% to 40% Fe (primary target) for Mebaga. The Oxide target will incorporate both DSO* and bBSO* material. Ferrex has recently completed an initial drill programme at Mebaga that has intersected significant widths of DSO and bBSO mineralisation.

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 will have 934M shares on the conclusion of this placement on a fully diluted basis. The Directors have subscribed for and purchased approximately 28% of the issued share capital of the Company and are thus aligned with shareholders interests.