

19 December 2013

Ferrex plc ('Ferrex' or 'the Company')
Signs binding term sheet with Anglo American and Kumba Iron Ore for the Mebaga Project in Gabon

Ferrex plc, the AIM quoted iron ore and manganese development company focused in Africa, announces that it has signed a binding Term Sheet ('the Agreement') with Anglo American plc ('Anglo American') and Kumba Iron Ore (Pty) Ltd ('Kumba'), a leading supplier of iron ore and member of the Anglo American group, to advance its Mebaga DSO Iron Ore Project ('Mebaga' or 'the Project') in Gabon, West Africa.

In summary, the Term Sheet outlines a transaction whereby Anglo American and Kumba fund the exploration of Mebaga and surrounding areas over a period of up to two years and includes a provision to refund Ferrex for the majority of the exploration spend to date. The term sheet also allows Anglo American and Kumba to move to 100% ownership of the Project at its election via a purchase arrangement or alternatively for Ferrex to maintain 100% ownership of Mebaga if Anglo American and Kumba do not elect to purchase the project. Exploration will be managed by Anglo American and Kumba; however will utilise the existing in-country exploration team of Ferrex.

The Agreement is subject to final due diligence, completion of a detailed legal agreement, the approval of all parties' boards and the approval of the Gabonese government. Further details on the investment by Anglo American and Kumba will be provided when these requirements have been successfully met, and the market will be informed of these developments in due course.

Ferrex's Managing Director Dave Reeves said, "This represents a significant milestone for Ferrex. To have secured the interest of a major mining house such as Anglo American and the operational experience of Kumba Iron Ore, reinforces our confidence in Mebaga as a leading DSO iron ore project in West Africa, and of Gabon as a desirable mining investment destination. We believe Mebaga has significant value uplift potential, highlighted by the Exploration Target of 90 to 150Mt @ 35 to 65% Fe and 550Mt to 900Mt @ 25% to 40% Fe defined over an 8km strike length of a total 19km strike identified at the Project. With Anglo American managing the project utilising our highly-experienced in-country team, Mebaga will benefit from leading technical expertise whilst maximising the exploration work undertaken, providing Ferrex with access to substantial value accretion whilst minimising exposure to exploration expenditure. Due diligence is targeted for completion in February 2014 and at this point the full commercial terms of the agreement will be announced to the market."

****ENDS****

For further information and the full Admission document visit 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: Mebaga Iron Ore Project in Gabon ('Mebaga'), Nayega Manganese Project in Togo ('Nayega'), and Malelane Iron Ore Project in South Africa ('Malelane').

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 completed a diamond drill programme and a 2014 drill exploration programme is being planned to focus on understanding the true potential of Mebaga.

At Nayega, Ferrex is currently conducting a Definitive Feasibility Study. An initial 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 of Ferrex.

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.