Ferrex plc / Index: AIM / Epic: FRX / Sector: Mining

17 February 2015

Ferrex plc ('Ferrex' or 'the Company')

Final Results

Ferrex plc, the AIM quoted manganese development and iron-ore exploration company focused in Africa, is pleased to announce its final results for the year ended 30 September 2014.

- Manganese development and iron ore exploration in Africa focused on advancing low-capex, simple open-pit, low strip ratio projects which are located near to infrastructure and can be brought into production within a short-time frame
- Primary focus - Nayega manganese project in Togo, West Africa
  - Development of a low-capex, open pit, 250,000tpa manganese ('Mn') 38% Manganese product operation (Phase 1) – potential lower capex 'starter' option to move into production within six months of being granted mining permit
  - Medium-term commissioning a smelting facility to produce a valuable 74% High Carbon Ferromanganese alloy (Phase 2)
- Continued exploration of Mebaga and Malelane iron ore projects in Gabon and South Africa respectively to add value
- Strategy of becoming a low-cost producer of minerals for the steel industry
- Directors aligned with shareholders through significant investment in the Company

Chairman's Statement

Ferrex is a manganese development and iron ore exploration company focussed in Africa and considering difficult market conditions for the global resource sector, this year has seen Ferrex benefit from its multi-commodity exposure. Notwithstanding these challenges, I believe we have made solid headway in continuing the development of our portfolio which includes the Nayega manganese project in Togo; the Mebaga iron ore project in Gabon; and the Malelane iron ore project in South Africa, with a view to becoming a low-cost producer of minerals for the steel industry.

Our strategy has always been focussed on advancing and developing low-capex, simple open-pit, low strip ratio projects which are located near to infrastructure and can be brought into production within a short-time frame. With this objective in mind, and given the unfavourable iron ore price over the course of 2014 and depressed market outlook for the commodity, during the period we took the strategic decision to focus primarily on advancing our Nayega manganese project in Togo, West Africa. We believe this asset offers significant growth potential for investors as we advance it up the development curve through the definitive feasibility stage and into production in the near term.

In this vein, we outlined a two-phased approach to developing Nayega. Firstly the development of a low-capex, open pit, 250,000tpa manganese ('Mn') 38% Manganese product operation (Phase 1) and in the medium-term commissioning a smelting facility to produce a valuable 74% High Carbon Ferromanganese alloy (Phase 2). I am pleased to report that we have completed the modelling for the

Definitive Feasibility Study ('DFS') for Phase 1 which outlines low capex costs of US$14.5 million. Additionally, recently announced high grade assay results of 41.6% and 42.1% Mn from a 3 tonne bulk sample collected by scrubbing and screening support a near-term, within six months of securing the mining licence, 'starter' option route at potentially lower capex costs than the US$14.5 million forecast for Phase 1. We have already received the environmental and social study sign off from the Togolese Government and are now working in conjunction with them to finalise the Mining Convention and secure the Mining Permit. We look forward to providing further updates on this in due course as we announce the next stages of development and funding for Nayega, where we are in advanced discussions with four parties, including proposals for funding of the accelerated starter option, ahead of first phase production.

With regard to our Mebaga iron ore project in Gabon, in December 2013 we entered into a proposed joint venture development and funding agreement with mining majors Anglo American and Kumba Iron Ore. Despite concluding successful legal and technical due diligence and receiving approval for the proposed transaction by both the Gabonese Ministry of Mines and Ministry of Commerce, we were disappointed to report in July 2014 that Anglo American and Kumba Iron Ore decided not to pursue the joint venture. That said, whilst due diligence was being undertaken, we continued to add value to Mebaga by completing a regional mapping and sampling programme during the year and conducted an infrastructure and logistics study which illustrated robust economics.

With the exceptional project geology and the infrastructural advantages associated with Mebaga, due to its position as the closest Direct Shipping Ore ('DSO') project to the port of Libreville in the Belinga Province, we believe that the project is strategically important, particularly in the right pricing environment. We are actively seeking partners to allow the continuation of low cost exploration to add value to this project.

Our third project, the Malelane iron ore project in South Africa, is at an advanced stage. We previously completed a scoping study illustrating the potential to develop a 1.8Mt per annum open pit mine producing a 57% iron ore product over a 16.6 year mine life. The project currently has an inferred resource of 137Mt at 37% Fe although it demonstrates much larger upside potential with an exploration target of 1.6 to 2.0Bt at 28-30% Fe and only 1.5km of a 14km strike length drilled to date.

We have a proven team with an excellent track record of proving up resource assets, developing mining operations and completing value accretive trade sales. We are aligned with shareholder interests through substantial investment, with our Directors having a 28% holding in the Company. As a Board we look to 2015 with vigour. With the Nayega DFS nearing completion, we have streamlined our near term development focus towards manganese production due to the near-term cash generation opportunity. We look forward to reporting on the confirmation of the Mining Licence from Nayega in due course.

With regard to funding, our cash position obviously remains tight given that we have ongoing monthly commitments and are seeking to move into production at Nayega in the course of this calendar year. Nevertheless, the Board is confident that we will be able to secure funding in the period required to not only maintain the Company's current operations but commence developing the Nayega project this calendar year.

B Moritz
Chairman

13 February 2015

Operations Review

Ferrex has a multi-project portfolio of manganese development assets and iron exploration projects in Africa.

Togo - Nayega Manganese – 85%

The Company owns 85% of the 92,390Ha Nayega Manganese Project in northern Togo, held through Societe Generale des Mines SARL. Based on work conducted to date the Company is confident that the project, which has direct access to the regionally important deep water port of Lome, has the potential to provide cash flow for the Group through the rapid development of a low-capex, open pit, 250,000tpa manganese ('Mn') 38% manganese product operation (Phase 1) and in the medium-term, the commissioning of a smelting facility to produce a valuable 74% High Carbon Ferromanganese alloy (Phase 2).

The Measured Resource at Nayega totals 2.0Mt at 17.1% Mn, enough to cover the first three years of proposed manganese mine life, and the total resource for Nayega now stands at 11.0Mt at 13.1% Mn, all in the Indicated and Measured categories. Exploration outside of the resource area has defined additional targets, which have the potential to increase the size of the manganese resource.

The majority of the Phase 1 Definitive Feasibility Study has been completed at Nayega to develop the initial open-pit, 250,000tpa manganese operation. The mine design, schedules and tailings dam design have been completed based on cash operating costs of approximately US$2/Dry Metric Tonne Unit ('DMTU') FOB. DRA, a leading South African gravity plant specialist, has finalised the processing and local infrastructure study and the environmental and social study was submitted to the Ministry of Environment earlier in 2014 and the Environmental Permit was granted in October 2014. We have also completed a financial model for Phase 1 production at Nayega demonstrating favourable economics with lower capex (US$14.5 million) and opex costs (USD1.93/dmtu FOB Lome for years 1-4) than originally forecast. In addition high grade assay results of 41.6% and 42.1% Mn from a 3 tonne bulk sample collected by scrubbing and screening for blast furnace testwork support a near-term 'starter option' where production could commence within six months of the Mining Permit being granted at a potentially significantly lower initial capital cost. We are now continuing to focus on securing the Mining

Permit and are in advanced discussions with various parties regarding development funding options and look forward to providing updates in respect of this over the coming months.

Furthermore, during 2014 we took a strategic decision to undertake a ferromanganese Scoping Study which was concluded by independent experts out of Brazil and Australia. It is the intention to commence Phase 1 (open pit mining) with Phase 2 being brought on-stream once cash flow has been generated. The Scoping Study for phase 2 has been modelled on a furnace that consumes 140,000tpa of product to produce 60,000 tpa of 74% HC ferromanganese. The furnace is expected to be located in the south of Togo where it is close to port for the import of coke and export of product and close to sources of limestone and dolomite. It is envisaged that the slag produced will be sold to the local cement industry which currently imports a large quantity of slag for this purpose. A heat recovery system to produce the bulk of the electricity required has also been included in the costing.

This results in a capital cost of the furnace complex of US$45m and an operating cost assuming full cost recoveries of US$665/t of 74% HC ferromanganese. This product currently sells CIF Europe for US$1,075/t showing the large margin and low cost position of the proposed operation.

On award of the Mining Permit at Nayega, a bulk sample will be gathered to send for sinter test work in Brazil followed by the completion of a PFS study on the operation. It is expected that this will be complete during 2015.

Pitting has been completed on two targets, T27 and T48, located near the Nayega deposit. Resource estimates will be compiled for these areas in Q1, 2015. The anticipated incremental increase in Nayega's global resource inventory will add to positive economic outlook for the project.

Gabon - Mebaga Iron Ore – 78%

Mebaga is a DSO iron ore project located in the north of Gabon within an extensive iron ore province, which extends from Gabon into the Republic of Congo ("ROC") and Cameroon. Major deposits in the region include Belinga in Gabon (1Bt @ 60% Fe); Mbalam in Cameroon (775Mt @ 57% Fe) and Avima in the ROC (690Mt @ 58% Fe). The project benefits from being the closest DSO project to the Libreville port in the Belinga Super Group area.

The 305 sq km project which spans over a 19km Banded Iron Formation ('BIF') strike has an Exploration Target of 630 - 1,050Mt @ 25 – 65% Fe, including 90 to 150Mt @ 35 – 65% Fe oxide (weathered), estimated over 11km of 19km BIF strike where mineralisation is open both along strike and at depth. The DSO potential has been authenticated by the 2013 drilling campaign where all nine diamond holes intersected DSO grade mineralisation, with the best intercept of 28.7m at 61.4% Fe from surface in NGDH008. This grade equates to a 66% calcined Fe with less than 4.5% combined Si and Al which independent marketers have confirmed will trade at a premium to the 62% benchmark price. Importantly geological mapping of the area successfully identified high grade iron ore mineralisation in the eastern half of the licence, 3km east of the BRGM historical BRGM pit (P72) and 7km east of the area drilled in

2013. Rock chips were taken and submitted for assay with a highest grade of 63.6% Fe returned from this programme.

In August 2014, we completed a deskstop study for operations and associated costs at Mebaga which highlighted that significant potential exists for low operating costs. Two operational scenarios were included as part of the study, Scenario A for a 1mtpa DSO iron ore operation which would utilise road and barge transport options and Scenario B for a 3 mpta operation which would utilise road or ropeway to Booue and rail to Libreville. The study produced 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. Additionally independent marketing agents have confirmed that the DSO material should command a premium over 62% Fe benchmark price currently at \$95/t CIF China.

With the termination of the proposed funding joint venture with Anglo American and Kumba Iron ore as detailed in the Chairman's Statement, we are now focussed on closing a new funding option for Mebaga and subject to funding, we intend to commence auger exploration in the next dry season (early 2015) to test several targets prior to drilling. This programme, and subsequent drilling, would then 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.

South Africa - Malelane Iron Ore – 74%

Malelane is located in the mineral rich Mpumalanga region of South Africa. Ferrex holds a 74% interest in the project, which incorporates prospecting rights over a 4,192 Hectare area. The project is located in an area that has excellent infrastructure, access to water and power and is only 6km from a rail line that runs to the Port of Maputo in Mozambique, 170 km away.

Malelane hosts a JORC Code compliant Inferred Resource of 139Mt at 37% Fe, which is only defined over 1.5km of the 14km BIF strike identified within the project area. A Scoping Study completed by Ferrex utilising this maiden resource in 2012 illustrated the robust economics of developing Malelane as an initial 1.8Mtpa open pit, low strip ratio operation with a 57% Fe product over a 16.6 year Life of Mine ('LOM').

Whilst the project could be developed as a smaller scale production project, we believe there is significant upside potential as set out in the defined Exploration Target of 1.6bt to 2.0bt at 28-30% Fe, as announced on 4 June 2013.

South Africa – Leinster Manganese – 74%

The 47,004 hectare Leinster project is our second manganese project, located in the Northern Cape and North West Provinces of South Africa. The project covers the entire Leinster Basin, an erosional outlier of the Kalahari Manganese Field, which is the largest manganese metallogenic province in the world.

The Leinster deposit lies at an average depth of 80m below surface and is envisaged as an underground operation with ore trucked or railed to port for the export market. Anglo American, who drilled 51 holes on the Leinster property between 1977 and 1988, previously held the property. Using this information, Coffey Mining calculated an exploration target of 5.5 to 8.7Mt at 28.6 to 31% Mn for Leinster on behalf of Ferrex. The target is open in all directions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 £'000	**2013 £'000**
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative and exploration expenses	(1,488)	(1,674)
Loss from operating activities	(1,488)	(1,674)
Finance income	-	-
Finance costs	(426)	-
Net finance costs	(426)	-
Loss before tax	(1,914)	(1,674)
Tax	126	-
Loss for the year	(1,788)	(1,674)
Other comprehensive income		
Exchange translation on foreign operations	(217)	55
Total comprehensive loss for the year	(2,005)	(1,619)
Loss attributable to:		
Owners of the Company	(1,692)	(1,555)
Non-controlling interests	(96)	(119)
Loss for the year	(1,788)	(1,674)
Total comprehensive loss attributable to:		
Owners of the Company	(1,909)	(1,500)
Non-controlling interests	(96)	(119)
Total comprehensive loss for the year	(2,005)	(1,619)
Loss per share		
Basic and diluted loss per share (pence)	(0.192)	(0.213)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	2014 £'000	2013 £'000
Assets		
Property, plant and equipment	65	92
Intangible assets	5,526	5,022
Non-current assets	5,591	5,114
Loans	-	-
Trade and other receivables	73	83
Cash and cash equivalents	107	226
Current assets	180	309
Total assets	5,771	5,423
Equity		
Share capital	4,669	4,026
Share premium	6,439	4,912
Other reserves	425	262
Retained deficit	(5,825)	(3,807)
Equity attributable to owners of the Company	5,708	5,393
Non-controlling interests	(337)	(241)
Total equity	5,371	5,152
Liabilities		
Trade and other payables	400	271
Current liabilities	400	271
Total liabilities	400	271
Total equity and liabilities	5,771	5,423

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Attributable to owners of the Company							
	Share capital £'000	**Share premium £'000**	**Share option reserve £'000**	**Exchange reserve £'000**	**Retained deficit £'000**	**Total £ '000**	**Non-controlling interests £'000**	**Total equity £'000**
Balance at 1 October 2013	4,026	4,912	175	87	(3,807)	5,393	(241)	5,152
Loss for the year	-	-	-	-	(1,692)	(1,692)	(96)	(1,788)
Total other comprehensive income	-	-	-	109	(326)	(217)	-	(217)
Total comprehensive loss for the year	-	-	-	109	(2,018)	(1,909)	(96)	(2,005)
Issue of ordinary shares	643	1,726	-	-	-	2,369	-	2,369
Costs of share issue	-	(199)	-	-	-	(199)	-	(199)
Share-based payment transactions	-	-	54	-	-	54	-	54
	643	1,527	54	-	-	2,224	-	2,224

Balance at 30 September 2014	4,669	6,439	229	196	(5,825)	5,708	(337)	5,371

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 £'000	2013 £'000
Cash flows from operating activities		
Loss for the year	(1,488)	(1,674)
Adjustments for:		
Depreciation	25	31
Foreign exchange differences	(81)	134
Equity-settled share-based payment transactions	54	112
	(1,490)	(1,397)
Changes in:		
- trade and other receivables	19	(7)
- trade and other payables	129	11
Cash used in operating activities	(1,342)	(1,393)
Finance cost	(8)	-
Taxes paid	126	-
Net cash used in operating activities	(1,224)	(1,393)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7)	(88)
Exploration expenditure	(631)	(940)
Net cash used in investing activities	(638)	(1,028)
Cash flows from financing activities		
Net proceeds from issue of share capital	1,743	2,520
Net cash flows from financing activities	1,743	2,520
Net (decrease)/increase in cash and cash equivalents	(119)	99
Cash and cash equivalents at beginning of year	226	127
Cash and cash equivalents at 30 September	107	226

****ENDS****

1. The financial information contained in this announcement does not comprise full statutory accounts.

2. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis.

3. No dividend is proposed in respect of the period.

4. A formal notice of AGM along with the Annual Report and Accounts will be sent to shareholders shortly and will be uploaded to the Company's website in due course www.ferrexplc.com.

For further information please the Company's website please visit www.ferrexplc.com or contact the following:

Dave Reeves	Ferrex plc	+ 61 (0) 420 372 740
finnCap		+44 (0)20 7220 0500
Joanna Weaving	Broking	
Matthew Robinson / Christopher Raggett	Corporate Finance	
Beaufort Securities		
Elliot Hance / Saif Janjua	Broking	+44 (0)20 7382 8415
Felicity Winkles / Elisabeth Cowell	St Brides Media and Finance Ltd	+44 (0)20 7236 1177