

20 December 2011

**Ferrex plc ('Ferrex' or 'the Company' or 'the Group')**  
**Final Results**

Ferrex plc, an AIM quoted African focused iron ore and manganese development company, is pleased to announce its results for the period from incorporation on 23 August 2010 to 30 September 2011.

**Overview:**

- Admitted to AIM in July 2011 – raised £2 million before expenses to facilitate project development, acquisitions and provide access to equity capital markets
- Focussed on advancing iron ore and manganese projects in Africa through defined exploration and development programmes
- Multi-project portfolio offering significant near-term value uplift potential through resource definition programmes
- Solid future project pipeline – targeting additional manganese and iron projects with low capital expenditure
- Already delivered on corporate strategy since AIM admission – secured a significant manganese project in northern Togo
- Aims to become a medium scale, low-cost producer of minerals for the steel industry
- Strong market fundamentals underpinned by the robust steel market growth in the long-term
- Highly skilled Board and Management team with extensive experience developing resource projects in Africa – directly involved in development of mining projects comprising investments in excess of US\$1 billion

Ferrex's Managing Director Dave Reeves said, "Since our successful admission to AIM in July 2011, we have delivered on our key objectives of building and advancing an exploration and development company focussed on iron ore and manganese assets in Africa. We have a solid portfolio of assets in close proximity to infrastructure and with the potential to fast-track production.

"It is our intention to publish maiden JORC resources on our Malelane iron ore and Leinster manganese projects in South Africa and at our recently announced Nayega manganese deposit in northern Togo in the first half of 2012. This will enable us to accelerate our projects through to the feasibility stage with a view to production. In addition, we are actively appraising further prospective iron ore and manganese projects throughout Africa to complement our existing assets and broaden our portfolio. With these developments in

mind, I believe we are in a strong position to hit our key milestones in 2012 and generate significant value for shareholders, and have the foundations in place to fulfil our mid-term strategy of becoming a medium scale, low-cost producer of minerals for the steel industry.”

### **Chairman’s Statement**

It gives me great pleasure to report on the solid progress Ferrex has made as an emerging iron ore and manganese exploration and development company in Africa since our successful admission to AIM in July this year, having raised £2 million.

During the first few months as a publicly listed company we have been busy focussing on our strategic goals of delivering significant value uplift potential through developing iron ore and manganese projects with near-term resource potential and pursuing additional low capital iron ore and manganese projects in Africa. With a portfolio of quality assets and a highly competent Board and management team which has been involved in developing mining projects with investments in excess of US\$1 billion, I believe we are ideally placed to develop the Company into a low-cost producer of minerals for the steel industry.

Our portfolio of projects includes the Malelane Iron Project in South Africa (‘Malelane’) which has an exploration target of 775 to 930 million tonnes (‘Mt’) at 34% to 36% iron (‘Fe’) and the Leinster Manganese Project, also in South Africa (‘Leinster’) with an exploration target of 5.5 to 8.7Mt at 28.6% to 31.3% Manganese (‘Mn’).

Additionally, in line with our strategy of securing further low capital expenditure (‘capex’) iron ore and manganese projects in Africa, I am delighted to report that in November 2011 we secured an 85% interest in our Togolese subsidiary Société Générale de Mine (‘SGM’). SGM has secured five Exploration Permits covering a total area of 92,390 hectare (‘Ha’) including 2.5km by 1km Nayega Manganese Project (‘Nayega’) in northern Togo, which hosts an historic exploration target of 6 to 8.5Mt at 14% to 15.5% Mn. It is our intention to rapidly explore and develop our entire portfolio of iron ore and manganese projects to define Joint Ore Reserves Committee (‘JORC’) compliant resources and in turn advance them into producing entities in the mid-term.

We hold a 74% interest in Malelane, with our Black Economic Empowerment partner Mkhombi Resources owning the balance of 26%, in compliance with South African requirements. Malelane incorporates prospecting rights over a 4,192Ha tenement in the prospective Mpumalanga region in South Africa, part of the Archean Barberton Greenstone Belt, which comprises volcanic, clastic and chemical sedimentary rocks including banded iron formation (‘BIF’). 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. Importantly, Malelane is favourably located in terms of infrastructure, and just 6km from

the main rail line running to the port of Maputo in Mozambique, which is only 170km away.

Prior to our admission to AIM, we completed a 920m drilling programme, comprising seven reverse circulation holes, which yielded positive results. Very thick intercepts that finished in mineralisation were reported and included 177m @ 45% Fe and 212m @ 37% Fe. In addition high grade intersections of 14m at 55% Fe and 16m at 60% Fe were reported, indicating that a portion of the project has direct shipping ore potential. Following our admission to AIM, we have commenced a larger drilling programme to investigate areas of high grade mineralisation and the main deposit with the aim of delineating a maiden JORC compliant resource and enabling rapid assessment of the economic potential of the project.

With an overall exploration target of 775 to 930Mt at 34 to 36% Fe and the possibility of an initial amount of direct shipping ore we look forward to fast-tracking the development of Malelane.

In terms of our manganese portfolio, we are awaiting the grant of the Prospecting Right over the Tweed Farm at our Leinster project in South Africa, which is the final farm of ten within the highly prospective 46,868 Ha project area. On grant of this right a further 66,687,790 ordinary shares in the Company will be issued to the vendors of the Leinster project, Umbono Capital Partners (Pty) limited. We are also awaiting approval from the Department of Mineral Resources in South Africa for the increase in our interest in Umbono Minerals Holdings (Pty) Limited, which owns Leinster, from 49% to 74%. Our agreement provides for the extra 25% to be transferred to the Group without any further consideration being payable.

South Africa hosts the largest metallogenic province of manganese mineralisation in the world and Leinster covers the northernmost known erosional relict 'the Leinster Manganiferous Basin' of the Kalahari Manganese Field ('KMF'). Notably, Aquila Resources Limited has recently defined a resource of 109Mt at 39% Mn at Gravenhenge in the Avontuur Basin, another erosional remnant of the KMF located 20km south of Leinster.

Leinster has been subject to significant previous exploration by Anglo American Corporation from 1977 to 1988 and has an exploration target defined by Coffey Mining of 5.5 to 8.7 Mt at 28.6% to 31.3%. When permission to increase our holding is received, we plan to initiate an airborne magnetic survey and from there to move on to a drilling programme intended to twin historic drill holes. This will enable us to reassess the historical data and in turn define a new JORC compliant resource.

In Togo, we hold an 85% interest in SGM, a Togolese company that holds five Exploration Permits including Nayega which represents a substantial and exciting near-term manganese development opportunity. The project has direct access to the major deepwater port of Lomé 600km to the south and the Board believes the project has the potential to be developed into a low capital and operating cost manganese mine in the mid-term.

The Nayega project consists of eluvial rubble of manganese minerals, spread over an area of 2.5km by 1km, ranging in size from flakes to cobbles overlying a manganiferous clay horizon, in which hard manganese oxide fragments are distributed. The clay horizon is up to 7m thick and the hard fragments are thought to be derived from narrow veins of massive manganese mineralisation that cut the underlying sandstone. The mineralisation observed at Nayega is thought to bear a resemblance to OM Holdings' Bootu Creek deposit in the Northern Territory, Australia which hosts pre-mining reserves and resources of 16Mt @ 25% Mn.

In addition, SGM provides a significant footprint in a very prospective manganese province, which consolidates our position in the area and provides scope for potential resource expansion at Nayega in the future. Nayega also marks a significant step for Ferrex after our admission to AIM, one that sees us delivering on our objectives of pursuing additional low capital iron ore and manganese projects in Africa.

The Board is focused on achieving maximum value uplift for shareholders and is constantly reviewing results from current projects to ascertain the optimal development order and whether projects warrant advancement. The Changara project in Mozambique is awaiting some final results before such a review is completed on this asset, results of which will be communicated to the market in due course.

The first accounting period resulted in a loss before and after tax of £880,000 before non-controlling interests. As at 30 September the Group had cash in bank of £1,550,880.

As previously highlighted, Ferrex's growth strategy is one of value creation, centred on developing our current iron ore and manganese projects with near-term resource potential towards and into production utilising our Board and management team's considerable experience in developing resource projects across Africa.

Ferrex offers a compelling valuation relative to its peers, and I believe through defined exploration and development and near-term resource delineation we can rapidly reward investors. Looking ahead, we will continue to target additional assets in Africa to add to our already strong project pipeline as we aim to consolidate our position as a mid-tier, low-capex steel-feed exploration, development and production company.

I would like to take this opportunity to thank my fellow directors, management and advisors for their dedication and help over the past year during our admission to AIM, as well as our shareholders for their continuing support. I believe that Ferrex has the foundations in place from which to deliver significant value and I look forward to updating the market on our progress in 2012.

**Chairman**

Brian Moritz

19 December 2011

For further information please visit [www.ferrexplc.com](http://www.ferrexplc.com) or contact the following:

Dave Reeves	Ferrex plc	+ 61 (0) 420 372 740
Russell Lamming	Ferrex plc	+ 44 (0) 781 0870 587
Colin Aaronson/ David Hignell/Jen Hatter	Grant Thornton Corporate Finance	+44 (0) 20 7383 5100
John Prior / Sebastian Jones	Collins Stewart Europe Limited	+44 (0) 20 7523 8350
Felicity Edwards	St Brides Media and Finance Ltd	+44 (0) 20 7236 1177

**Consolidated Statement of Comprehensive Income**

**2011  
£'000**

**For the period ended 30 September 2011**

<b>Revenue</b>	-
Cost of sales	-
<b>Gross loss</b>	-
Administrative and exploration expenses	(885)
<b>Group operating loss</b>	<b>(885)</b>
Finance income	5
<b>Loss before tax</b>	<b>(880)</b>
Taxation	-
<b>Loss for the period</b>	<b>(880)</b>
<b>Other comprehensive income</b>	
Exchange difference on translating foreign subsidiaries	24
<b>Total other comprehensive income for the period</b>	<b>24</b>
<b>Loss for the period attributable to:</b>	
Equity holders of the Company	(824)
Non-controlling interests	(56)
	<b>(880)</b>
<b>Other comprehensive income for the period attributable to:</b>	
Equity holders of the Company	18
Non-controlling interests	6
	<b>24</b>
<b>Loss per share</b>	
Basic and diluted	(0.177p)

**Consolidated Statement of Financial Position  
As at 30 September 2011**

**2011  
£'000**

**Assets**

**Non-current assets**

Goodwill and other intangible assets	1,925
Property, plant and equipment	21
Investments	111
	<u>2,057</u>

**Current assets**

Loans	-
Trade and other receivables	157
Cash and cash equivalents	1,683
	<u>1,840</u>

**Total Assets**

**3,897**

**Equity and liabilities**

**Equity attributable to equity holders of the Company**

Share capital	2,598
Share premium account	1,922
Other components of equity	31
Accumulated losses	(824)
	<u>3,727</u>

Non-controlling interests

(50)

**Total equity**

**3,677**

**Current liabilities**

Trade and other payables	220
	<u>220</u>

**Total Equity and Liabilities**

**3,897**

**Consolidated Statement of Changes in Shareholders' Equity**

**For the period ended 30 September 2011**

	Share capital	Share premium	Share option reserve	Foreign exchange reserve	Accumulated losses	Total attributable to equity holders of the Company	Non- controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 23 August 2010	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(824)	(824)	(56)	(880)
<b>Other comprehensive income</b>								
Exchange differences on translating foreign subsidiaries	-	-	-	18	-	18	6	24

<b>Total other comprehensive income</b>	-	-	-	<b>18</b>	-	<b>18</b>	<b>6</b>	<b>24</b>
<b>Total comprehensive income</b>	-	-	-	<b>18</b>	<b>(824)</b>	<b>(806)</b>	<b>(50)</b>	<b>(856)</b>
Share-based payments	-	-	13	-	-	13	-	13
Issue of shares	2,598	2,154	-	-	-	4,752	-	4,752
Flotation costs	-	(232)	-	-	-	(232)	-	(232)
<b>Balance at 30 September 2011</b>	<b>2,598</b>	<b>1,922</b>	<b>13</b>	<b>18</b>	<b>(824)</b>	<b>3,727</b>	<b>(50)</b>	<b>3,677</b>

**Consolidated Statement of Cash Flows  
For the period ended 30 September 2011**

**2011  
£'000**

<b>Operating activities</b>	
<b>Net cash used in operating activities</b>	<u>(693)</u>
<b>Investing activities</b>	
Purchase of property, plant and equipment	(29)
Investment in associate undertaking	<u>(111)</u>
Purchase of intangible assets	(184)
Cash acquired with subsidiary	<u>3</u>
<b>Net cash used in investing activities</b>	<u>(321)</u>
<b>Financing activities</b>	
Proceeds from issue of share capital	<u>2,741</u>
<b>Net cash from financing activities</b>	<u>2,741</u>
<b>Net change in cash and cash equivalents</b>	<b>1,727</b>
Cash and cash equivalents at beginning of period	-
Exchange differences on cash and cash equivalents	<u>(44)</u>
<b>Cash and cash equivalents at 30 September 2011</b>	<b>1,683</b>

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. The Annual General Meeting will be held on 16 January 2012 at 11 a.m. at Coveham House, Downside Bridge Road, Cobham, Surrey, KT11 3EP. A formal notice of AGM along with the Annual Report and Accounts will be sent to shareholders shortly.

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

