

19 February 2013

Ferrex*: High-grade iron ore confirmed at Mebaga in Gabon (CORP)

Ferrex has announced that initial field work at its Mebaga project in Gabon has confirmed the presence of high-grade iron ore. In addition, the majority of the sample pits dug by BRGM in the 1960s have been found. Historic grades from these pits included 27m at 58.4% iron, 18.5m grading 57.5% iron and 10.5m grading 61.4% iron. An initial 3,000 metre drilling programme is being planned.

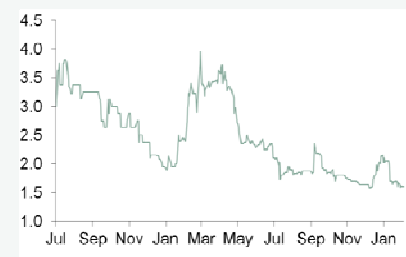
Analyst: Martin Potts

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Ticker	FRX
Price	1.6p
Target Price	10.4p
Upside	550.0%
Market Cap	£12.2m
Index	FTSE AIM All Share
Sector	Mining
Net Debt	£0.0m
Shares in Issue	765.2m
Next Results	Finals Feb 2013

What's changed	From	To
Adj. EPS (FD)	-0.2p	n/c
Recommendation		
Target Price	10.4p	n/c

Share Price Performance



Source: Thomson Reuters

%	1M	3M	12M
Actual	-21.2	-8.6	-23.1
Relative	-23.7	-16.9	-29.5

Company Description

Evaluating iron ore and manganese projects in South Africa, Togo and Gabon.

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High-grade iron ore confirmed at Mebaga in Gabon

CORP

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- ▶ **Samples collected at Mebaga have been tested using a Niton XRF analyser.** This tool is used to obtain an initial approximate analysis prior to assaying in a laboratory in South Africa.
- ▶ **Ferrex considers that the project hosts an exploration target of 20m tonnes grading 60% iron and a larger, lower grade target of 50m tonnes grading 47% iron.** These targets have not been confirmed and need to be tested by further exploration before a mineral resource can be defined.
- ▶ **The project benefits from excellent infrastructure in the context of West Africa.** It is located some 30 km from the nearest sealed road and is 100 km north of the Trans-Gabon railway. The Trans-Gabon railway is a modern, heavy haul line constructed some 30 years ago to transport minerals to the coast for export.
- ▶ **The planned drilling campaign has the potential to add considerable value to Ferrex.** If the exploration target can be confirmed, this would have a value of a multiple of the present market capitalisation.

Year ending September (£m)	2010A	2011A	2012E	2013E
Data				
Sales (£m)	0.0	0.0	0.0	0.0
Adj EBITDA (£m)	0.0	-0.9	-1.4	-1.5
Adj PBT (£m)	0.0	-0.9	-1.4	-1.5
Tax rate (%)	nm	0	0	0
Adj EPS (FD) (p)	0.0	-0.2	-0.2	-0.2
DPS (p)	0.0	0.0	0.0	0.0
Ratios				
EV/Sales (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	n/a	n/a	n/a	n/a
P/E (x)	n/a	n/a	n/a	n/a
Yield (%)	0.0	0.0	0.0	0.0
Cash flow yield (%)	0.0	-8.3	-15.5	-16.3
EPS growth (%)	n/a	n/a	22.1	14.6

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