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**Ferrex plc ('Ferrex' or 'the Company')**  
**Updated Exploration Target for Mebaga Iron Ore Project in Gabon and Drilling Update**

Ferrex plc, the AIM quoted iron ore and manganese development company focused in Africa, is pleased to announce that it has increased its Exploration Target at its 309 sq km Mebaga DSO\* Iron Ore Project in northern Gabon.

**Overview**

- New Exploration Target<sup>1</sup> of between 630Mt and 1,050Mt estimated by specialists Core Geophysics based on available geophysical data and results of reconnaissance geological mapping undertaken by Ferrex
  - 90-150Mt Oxide material @ 35 to 65% Fe (grade based on rock sample assay results and historical data for samples collected from BRGM pits) - oxide material made up of DSO\* and bBSO\* material
  - Previous Exploration Target<sup>1</sup> that BRGM defined for DSO\* material of 20Mt @ 60% Fe was generated over 1.8km of the updated oxide target; this now has 11.65km of identified strike
  - 540-900Mt primary (fresh) material @ 25 to 40% Fe (grade based on rock sample assay results)
- Significant upside potential with Exploration Target – additional 8km strike length of low intensity magnetic anomalies or demagnetised zones not included in estimate
- 3,000m diamond drilling programme on-going with five holes completed for 393.15 metres - all holes drilled to date have intersected significant iron ore, full assay results due Q3 2013 which will provide a maiden JORC compliant resource in H2 2013
- Excellent infrastructure in place – 30km from a sealed highway, 100km north of the Trans-Gabon railway

**Ferrex Managing Director Mr. Dave Reeves said,** "The upgrade in size of the Exploration Target is exciting and strengthens our belief in the potential of the Mebaga Iron Ore Project to host a significant DSO\* deposit. Additionally, given that we consider the target figure is conservative, being based only on modelling just over half of the potential strike length of the banded iron formation ('BIF') in our licence, the potential exploration upside at the project is substantial. In light of this, we view our close proximity to quality infrastructure, which is a stringent criteria across our African portfolio of iron ore and manganese assets, as highly beneficial to our future development strategy.

"I am also pleased to report that both the drill programme and drill core processing are progressing well. With recently completed holes intersecting significant widths of iron ore mineralisation I look forward to reporting positive results as the programme continues towards defining a JORC Code compliant resource in the initial targeted area."

<sup>1</sup>The potential quality and quantity is conceptual in nature and there has been insufficient work completed at present to define a Mineral Resource in this area under the JORC (2012) Code. The nature of an Exploration Target is such that it is uncertain if further exploration will result in the determination of a Mineral Resource.

**\*Terminology**

DSO - Direct Shipping Ore is ore which is high enough grade that the iron can conceptually be dug up, crushed to a uniform size, transported and sold.

bBSO - Beneficiate Before Shipping Ore is ore that can be crushed and using screening and gravity techniques, can produce a saleable product. The material requires no grinding.

**Exploration Target**

Tonnages for the Exploration Target (see Table 1) were estimated by Core Geophysics ('Core') using two sets of geophysical data. The first survey was flown by CGG Veritas in 1983-1984 (1,000m line spacing, 120m height) and the second by Sander Geophysics in 2005-2009 (250m line spacing, 200m height). Core processed the data, generated models and used these to estimate target sizes for selected anomalies. Information below is taken from the report supplied by Core.

**Table 1: Mebaga Exploration Target tonnage estimates**

	Strike (kilometres)	Tonnage (million tonnes)		
		Mean	Minimum (-25%)	Maximum (+25%)
Oxide (30m depth)		120	90	150
Primary (200m depth)		725	540	900
<b>Total</b>	<b>11.65</b>	<b>845</b>	<b>630</b>	<b>1050</b>

Core developed a simple geological profile based on location, geochemistry, assumed weathering and magnetic susceptibility measurements as a basis for the magnetic modelling. The profile accounts for expected changes in physical properties with increasing depth:

Oxide (0-80m below surface):

0 - 10m; laterite/duricrust/canga 1-3m (SG 2.6, Low SI – 0)

10 - 30m; supergene (SG 3, Low SI – 0.0-0.02)

30 - 80m; weathered BIF (SG 2.8 - 3, Low to Moderate SI – 0.02-0.3)

Primary (>80m below surface)

>80m; magnetite BIF (SG 3.2, Moderate to High SI - >0.5)

The SGs are sourced from published mineral resources for other iron deposits located in the region.

Using this profile, a total of 20 models were generated by Core from significant magnetic anomalies along the strike of the various interpreted BIF units. The modelling indicated a range of anomaly widths from 75m to 150m with an average of 105m. The depth to the top of the Primary model bodies averaged 85m with the shallowest being modelled at 40m. Note that the model widths and depths may overestimate the anomaly source as they are a function of the line spacing (250m to 1,000m), the flight line orientation (being sub-parallel to strike for some anomalies) and the flying height which averaged 200m over the project area.

The modelled anomalies have a total strike length of 11.65km. Due to the limitations of the survey specifications and the effects of low latitude and remanent magnetisation, Core believes that an additional 8km strike length of low intensity magnetic anomalies and/or demagnetized zones could represent semi-continuous extensions of the modelled anomalies. These possible extensions have not been incorporated into the target, but represent areas of additional potential that could increase the size of the Exploration Target with further work.

Numerous assumptions were made by Core in the modelling and estimation process, including:

- the strike length of the modelled magnetic anomalies represents BIF mineralisation;
- geometry remains constant over the entire length of the anomalies;
- no correction or adjustment has been made for changes in the topography with respect to the model depth or width over its strike length;
- no correction for remanent magnetisation has been applied, even though it is likely to influence the magnetic responses within the prospect;
- 100% recovery and no dilution are applied within the modeled and projected areas
- bulk density of 3.2g/cc for Primary material and 3.0g/cc for Oxide material;
- Oxide material is formed by weathering processes and lies directly above the Primary material with similar strike, width and dip dimensions.

The estimates could change if lower or higher magnetic susceptibilities, densities, depths or continuity assumptions are used. Sensitivity analysis of primary SI and of possible variations in parameters such as dip and strike suggest a possible error of the order of +/-25% for the mean of the estimates; this is applied to obtain ranges for the estimates.

A grade range of 35-65% Fe has been applied by Ferrex to the Oxide material based on rock sample assay results and information from the BRGM pitting programme. For primary material, a grade range of 25-40% Fe has been applied, based on comparison with other deposits in the district.

## **Drilling**

As announced previously, the Company has commenced a 3,000m drill programme at Mebaga which will comprise 23 holes at up to 250m deep. This has been designed to provide sufficient information to allow estimation of a mineral resource compliant with the JORC Code in H2 2013.

Two additional holes have been completed since the previous announcement. The first of these (NGDH005) was drilled to a depth of 91.9m and intersected detrital iron ore clasts in clay matrix to 8.9m and then in situ bedded iron ore intercalated with intervals of saprolite to 43.5m. The second hole (NGDH006) was completed at 67.9m and intersected detrital iron ore clasts in clay matrix from to 15.2m and then in situ bedded ore and friable itabirite intercalated with intervals of saprolite to 38.6m. The drill program is ongoing with first assays anticipated to be received towards the end of Q3.

#### **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.

Information in this release that relates to the Exploration Target is based on information compiled by Mr Matthew Cooper, Principal Geophysicist for Core Geophysics. Mr Cooper is a qualified geophysicist, 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 Cooper consents to the inclusion in the release of the matters based on his information in the form and context in which it 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](http://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: 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 2013. 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 calculated an exploration target of 90 to 150mt @ 35 to 65% Fe (Oxide target) and 550mt to 900mt @ 25% to 40% Fe (Primary target) for Mebaga. The Oxide target will comprise both DSO\* and bBSO\* material. Ferrex has full access to the BRGM records and plans to produce a JORC resource and Scoping Study before the end of 2013 at which time it will apply for a Mining Licence. A 3,000m drill program is currently underway.

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 has 805m shares on a fully diluted basis. The Directors have subscribed for and purchased approximately 32% of the issued share capital of the Company and are thus aligned with shareholders interests.