

10 June 2014

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

Contract Signed for Drilling Programme to Increase Mineral Resource at Malelane Iron Ore Project in South Africa

Ferrex plc, the AIM quoted iron ore and manganese development company in Africa is pleased to announce it has signed a contract, on a part equity payment basis, to complete a minimum 1,200m drilling programme at the Malelane Iron Ore Project in South Africa. The drilling programme, due to commence in July 2014, is aimed at increasing the current Inferred Resource of 139Mt at 37% Fe.

Highlights:

- 1,200m to 1,600m diamond drill programme to be completed on the southern banded iron formation ('BIF') adjacent to historic mine workings
- Current Inferred Resource only defined over 1.5km of a 14km BIF strike at Malelane
- New drill campaign aimed at increasing and proving up an additional resource in the southern target area (3km BIF strike) and will assist in Pre-Feasibility Study planning (see figure 1)
- Total Exploration Target at Malelane of 1.6 to 2.0Bt at 28-30% Fe
- Scoping study based on current resource has detailed robust economics for an initial 1.8Mtpa open pit, low strip ratio operation with a 57% Fe product over a 16.6 year LOM
- FRX to pay approx 35% of the drill cost in cash with 65% of the drill cost being paid in Ferrex shares

Ferrex Managing Director Mr. Dave Reeves said, "I am pleased to announce the commencement of the drilling programme at Malelane, which should see us increase the resource at this project where the previously completed Scoping Study showed positive economic results. This new exploration programme has been facilitated by the drilling contractor, who understands the tight capital markets in which we operate and suggested the proposed payment system. We aim to use this as the base case for potential co-operation with the contractor on our other iron ore and manganese projects in Africa to maximise shareholder value with the company's available funds.

"The new drill campaign will be centred on an old ochre mine 6.5 km east of the previous drilling, where there is potential enrichment of the banded iron horizon. Results of the drilling will be used in on-going studies and to allow flexibility in the mining permit submission".

Drilling Details

A drill programme has been planned to test the eastern part of the southern BIF at Malelane. The programme constitutes 8-10 holes for 1,200m to 1,600m, covering just over 3km of BIF strike. Holes will be drilled along 5 section lines nominally spaced 800m apart, with one to two holes on each line. Section lines are orthogonal to the strike of BIF, with holes to be angled at 60 degrees to the north-northwest or south-southeast. Planned drill hole locations are shown on Figure 1.

The drilling will be undertaken using a diamond rig, which will allow the collection of geotechnical information as well as analytical samples, plus additional material that can be used for metallurgical testwork. The drill programme has been designed to provide sufficient information for estimation of a mineral resource compliant with the JORC Code.

Under the terms of the contract, Ferrex will pay approximately 35% of each invoice in cash and the remainder in shares in lieu of cash payment based on the invoiced amount divided by the monthly VWAP in the invoicing month with the shares to be issued in one tranche at the conclusion of the drill programme. Total share based payments are expected to total GBP110,000.

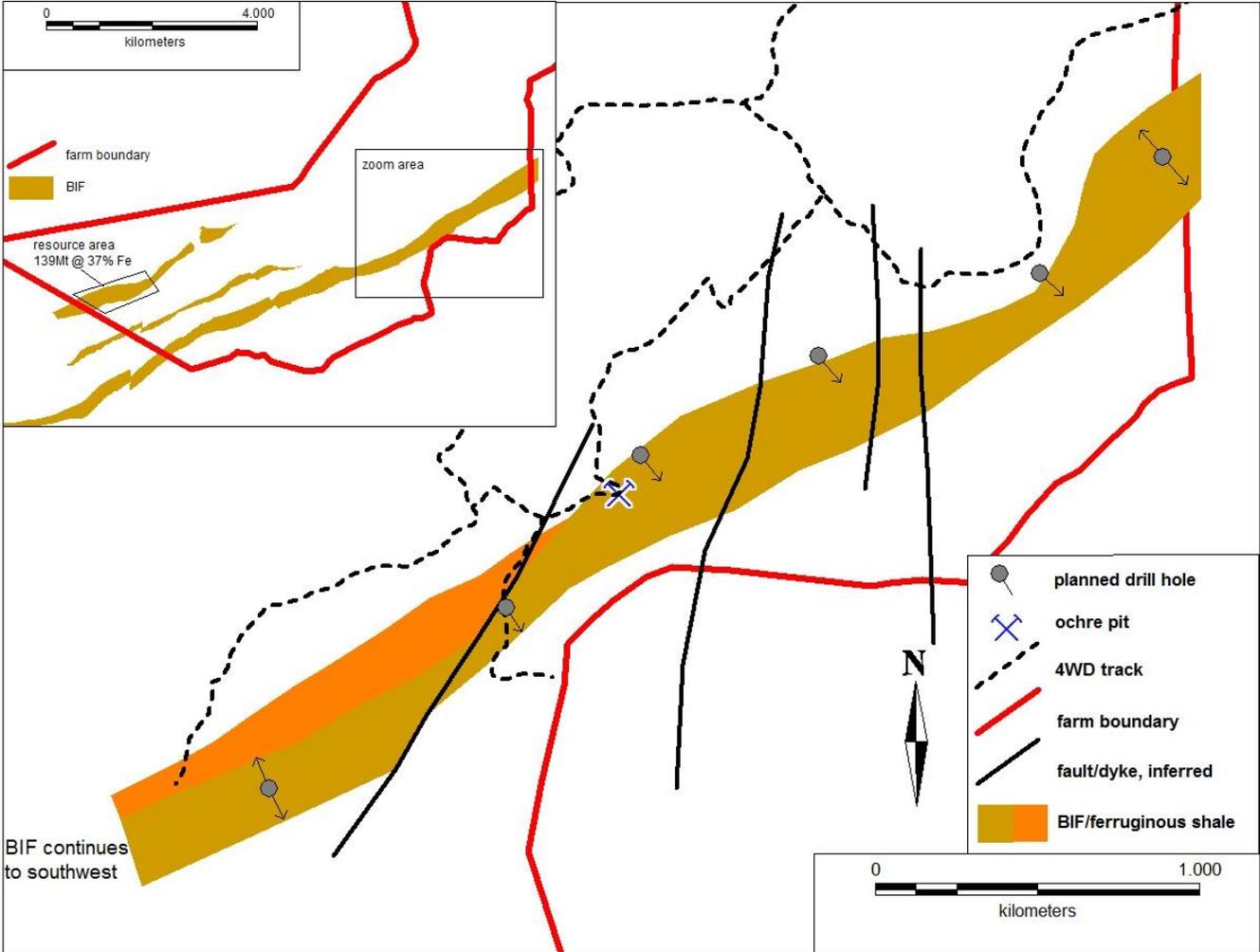


Figure 1: Planned drill hole locations.

Project Background

Three distinct BIF horizons have been identified on the Malelane property, with a combined strike length of 14km and mapped horizontal widths of up to 300m. Ferrex has drilled 14 RC holes in two campaigns for a total of 2,032m and 5 diamond holes (4 complete holes and one tail on an RC hole) for a total of 618.75m. Drilling focussed on a 1.1km strike length of the northern BIF centred on the historical Spago workings. High grade hematite mineralisation was discovered at Spago in 1954, with 28,155t of ore grading up to 66% Fe extracted in the 1950s and 1960s.

A maiden JORC Code compliant Inferred Resource of 139Mt @ 37% Fe was calculated by Widenbar and Associates based on the results of Ferrex's drilling. The resource includes higher grade components of 50.9Mt at 44.3% Fe and 4.9Mt at 52.2% Fe. Widenbar and Associates also estimated a total exploration target at Malelane of between 1.6 and 2.0Bt at 28-30% Fe including a higher grade portion of 900Mt to 1.2Bt at 36-38% Fe

The resource was used by the Company as the basis for a Scoping Study, which underpins the robust economics of the project and its viability as an open pit mining operation producing 1.8Mt per annum at 57% Fe over a 16.6 year mine life. At these production rates, the project has a Net Present Value ('NPV') of US\$523m at a discount rate of 10% and an Internal Rate of Return ('IRR') of 72%, with a capital cost of US\$139m and capital intensity of US\$77/t, which places it in the lowest quartile for capital intensity of new iron ore projects globally.

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.

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimate based on data and geological information supplied by Ferrex. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information 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****

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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 2014. 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 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 recently completed an initial drill programme at Mebaga that has intersected significant widths of DSO and bBSO mineralisation.

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 934M shares on issue on a fully diluted basis. The Directors have subscribed for and purchased approximately 28% of the issued share capital of the Company and are thus aligned with shareholders interests.