

Ferrex plc ('Ferrex' or 'the Company')
Nayega Manganese Project, Togo – New Ferromanganese Strategy, Definitive Feasibility Study and Mining Licence Update

Ferrex plc, the AIM quoted iron ore and manganese development company focused in Africa, provides a strategic update from the 92,390Ha Nayega Manganese Project ('Nayega' or 'the Project'), held through Societe Generale de Mines, located in northern Togo. The Company is focussed on maximising the returns achievable from the Project and accordingly, will initiate a two phased approach in its development. The first phase is focussed on developing a low-cost 250,000 tonnes per annum, 38% marketable manganese product open-pit mine in the near-term, and the Company provides an update in respect to the Definitive Feasibility Study ('DFS') below. Phase two will see the Company develop an in-country smelting facility to produce a valuable High Carbon ('HC') Ferromanganese alloy in Togo in the medium-term.

Overview

Phase 1: DFS Status

- Design and schedules for a 250,000tpa manganese mine have been completed
- Tailings dam design and report complete
- Water borehole drilling complete for the plant's operating requirements defined within 5km of the mine
- DRA, a leading South African gravity plant specialist, is due to finalise the processing and local infrastructure study in September 2014
- Environmental and social study submitted to Ministry of Environment with the permit award expected October 2014
- Mining Permit award expected Q4 2014

Phase 2: New Ferromanganese Strategy

- Scoping Study on a proposed sintering and blast furnace facility to produce c.60,000 tpa of a 74% HC ferromanganese alloy product completed
- Indicative operating costs of US\$665/t placing it in the lowest quartile worldwide
- HC ferromanganese product currently sells CIF Europe for US\$1,075/t, illustrating the large margin opportunity
- The ferromanganese operation has a NPV (10%) of c.US\$100m and IRR of 45%¹
- Peak funding of US\$55m for integrated mining and smelting operation
- Produces a cash flow of c.\$20m pa¹
- Life of operation estimate increased 100% from 8 years to in excess of 15 years

¹ All numbers quoted pre-tax

Ferrex Managing Director Mr. Dave Reeves said,

"The DFS for the Nayega 250,000tpa manganese project is now nearing completion with finalisation of the technical aspects due in the next eight weeks. With the submission of the Environmental Permit Application and the completion of the associated on site workshop, it is anticipated that the Environmental Permit will be granted in early Q4 2014. The Ministry of Mines and Enrgy has stated that the government has hired a consultant to assist in the drafting and preparation of the mining permit and associated fiscal terms and that it anticipates that the Company will soon be invited to commence discussions on the proposed terms. On successful conclusion of these negotiations, the permit must then pass through all appropriate signatories and reviews in government before final sign off is obtained. We are informed that the timing on this process should be complete during Q4 of this year. This will be a major milestone in the development of Nayega and we thank the Ministries involved for their support and guidance to date.

"In addition, both the Company and the Government of the Republic of Togo are highly encouraged by the findings of the new Scoping Study and the possible production of ferromanganese in Togo. We will rapidly advance the testwork required for a Pre-Feasibility Study and hope to release this study within six months of the award of the Mining Permit. We believe that the ferromanganese operation could be constructed as a second phase once the main Nayega mining operation has reached steady state, and that it will greatly improve the profitability of the operation as well as the length of operation. With the study showing a very low cost of production, this could transform this project in to a long life, high margin cash producing asset for the company.

"The ferromanganese project will also provide a boost to Togo via additional employment, skills transfer and increased tax receipts. We believe it will be the only blast furnace operating in central and West Africa and it fully supports the region's desire to have value-add projects in the minerals industry seriously investigated."

Further Information DFS for open-pit manganese operation

The majority of the Phase 1 DFS has been completed at Nayega to develop a low-capex, open-pit, 250,000tpa manganese operation in the near-term. The mine design, schedules and tailings dam design have been completed based on a 38% marketable product and cash operating costs of US\$2/Dry Metric Tonne Unit ('DMTU') FOB. DRA, a leading South African gravity plant specialist, is due to finalise the processing and local infrastructure study in September 2014, with the environmental and social study submitted to the Ministry of Environment. The Company expects that the environmental permit will be awarded early in Q4 2014 and the Mining Permit is expected to be finalised in Q4 2014.

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.

New Ferromanganese Strategy

The ferromanganese Scoping Study was concluded by independent experts out of Brazil and Australia. It has modelled 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 larger 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 mid 2015.

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 2004 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 award of the mining permit in 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. A Scoping study on a ferro manganese plant in Togo has also been concluded and shows a lowest quartile operation with robust economics. The company is focussed on bringing the mine into production on grant of the mining permit whilst advancing the ferro manganese studies.

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.

Ferrex will have 934M shares on the conclusion of this placement 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.