

Morning Note



11 December 2013

Ferrex*: Additional DSO drill results (CORP)

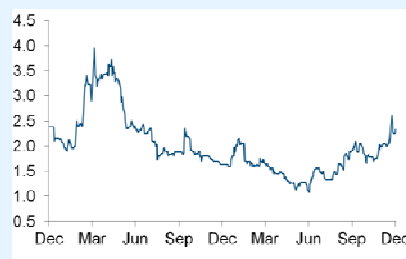
Ferrex has released the final assay results from the 9-hole diamond drilling campaign at its Mebaga iron ore project in Gabon. We leave our price target unchanged at 10.4p.

Analyst: Martin Potts

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Ticker	FRX	
Price	2.3p	
Target Price	10.4p	
Upside	346.0%	
Market Cap	£18.8m	
Index	FTSE AIM All Share	
Sector	Mining	
Net Cash	£1.4m	
Shares in Issue	805.2m	
Next Results	Prelims December 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	+16.5	+20.7	+37.1
Relative	+19.2	+20.3	+19.0

Company Description

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

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Additional DSO drill result

CORP

Ferrex has released the final assay results from the 9-hole diamond drilling campaign at its Mebaga iron ore project in Gabon. We leave our price target unchanged at 10.4p.

- ▶ The final hole (NGDH008) intersected 28.7m @ 61.4% Fe from surface and continues to support the company's belief that Mebaga has the potential to host a significant iron ore deposit.
- ▶ This is the best result to date and, significantly, is the furthest hole along strike of the known 19km outcrop.
- ▶ To date, only 1km of this has been tested and the thicker intersection highlights the potential for continued positive results from the on-going exploration programme.
- ▶ Next year, the company will test for strike extensions in the 1km drilled area, plus testing high-priority targets identified along the full 19km of strike.

Year ending September (£m)	2011A	2012A	2013E	2014E
Data				
Sales (£m)	0.0	0.0	0.0	0.0
Adj EBITDA (£m)	-0.9	-1.5	-1.5	-1.5
Adj PBT (£m)	-0.9	-1.5	-1.5	-1.5
Tax rate (%)	0	0	0	0
Adj EPS (FD) (p)	-0.2	-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 (%)	-5.4	-10.6	-10.7	-62.4
EPS growth (%)	n/a	32.4	20.5	5.0

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