

18 July 2011

Ferrex plc ('Ferrex' or 'the Company' or 'the Group')
First Day of Dealings on AIM

Ferrex plc, an African focused iron ore and manganese development company, is listing on AIM today. The Company has raised £2 million before expenses by way of a placing of 66,666,667 new Ordinary Shares at 3 pence per share ('the Placing'), giving it a market capitalisation of approximately £15.5 million on Admission. The money raised will be used to advance and expand the Company's portfolio of iron ore and manganese projects in South Africa and Mozambique through the exploration and development cycle and towards production. Ocean Equities Limited is Broker to the Company and Grant Thornton Corporate Finance is its Nominated Adviser.

Overview:

- Focussed on advancing iron ore and manganese projects in Africa through defined exploration and development programmes
- Multi-project portfolio offering significant near-term value uplift potential through resource definition programmes
- Aims to become a medium scale, low-cost producer of minerals for the steel industry
- Listing on AIM having raised £2 million before expenses to facilitate project development, acquisitions and provide access to equity capital markets
- Malelane Iron Ore Project in South Africa (74% interest)
 - Exploration target calculated by Coffey Mining of 775 to 930 million tonnes at 34% to 36% Fe
 - Positive results from the first drill campaign with intersections of 175m at 44.2% Fe (including 16m at 60% Fe) and 212m at 36.6% Fe
 - Excellent infrastructure, located 6km from a direct rail link to the port of Maputo in Mozambique
- Leinster Manganese Project in South Africa (49% interest increasing to 74% subject to Ministerial consent)
 - Nine adjacent farms and one farm under application in an outlier of the Kalahari manganese field
 - Exploration target calculated by Coffey Mining of 5.5 to 8.7 million tonnes at 28.6% to 31.3% Mn based on 51 holes drilled by Anglo American between 1977 and 1988
- Changara Manganese Project (potential to earn up to an 80% interest)
 - 51,060 hectare tenement package located in the prospective Tete Province of Mozambique - historical surface samples graded up to 53% Mn

- Solid future project pipeline – targeting additional manganese and iron ore projects with low CAPEX
- Strong market fundamentals supporting steel-feed commodity growth in the long-term
- Highly skilled Board and Management team - extensive experience developing resource projects in Africa – directly involved in development of mining projects comprising investments in excess of US\$1 billion

Ferrex CEO Dave Reeves said, “Ferrex offers a compelling valuation relative to its peers, and we believe by fast-tracking the exploration and development of our iron ore and manganese assets we can rapidly reward investors.

“The Company already has an exciting portfolio of assets in South Africa and Mozambique, including its flagship Malelane Project in South Africa with an exploration target of 775 to 930Mt at 34% to 36% Fe; the Leinster Project in South Africa with an exploration target of 5.5 to 8.7Mt at 28.6% to 31.3% Mn and the Changara project in Mozambique which offers significant blue sky potential. The common thread through all of these projects is the potential for rapid development towards production at a low capital cost. We are targeting additional manganese and iron ore assets in Africa to add to our strong project pipeline as we aim to consolidate our position as a mid -tier, low-CAPEX steel-feed exploration, development and production company.

“Our mid-term production horizon ideally positions Ferrex to capitalise on the increasing world demand for steel, which is the primary market for iron ore and manganese. The market for steel-feed commodities is growing rapidly, underpinned by demand in China, resulting in a robust economic outlook for a company producing these commodities.

“Our Board has a proven track record in the African mining arena of successfully developing resource projects. Coupled with a sound business model, existing projects with near-term resource potential and excellent infrastructure, I believe we have the foundations in place to fulfil our strategy and deliver value to shareholders.”

For further information and the full Admission document visit www.ferrexplc.com or contact the following:

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Full Details

Introduction

Ferrex aims to become a medium scale, low-cost producer of iron and manganese ore, both of which are key inputs for the steel industry. Through its subsidiaries and contractual relationships, Ferrex has interests in three projects: two prospective mineral properties for iron ore and manganese located in South Africa (the Malelane Project and the Leinster Project) and one prospective mineral property for manganese located in Mozambique (the Changara Project).

South Africa

The Group has an interest in an iron ore property in South Africa, the Malelane Project. The Malelane Project has been previously explored by ISCOR Limited (now Mittal Steel South Africa) and Rio Tinto plc with some limited production and consists of 14km of mapped banded iron formation ('BIF') outcrop. The Malelane Project benefits from key logistical infrastructure in the area as it lies only 6km from a major rail line that accesses the Port of Maputo 170km distant. Coffey Mining has delineated a JORC exploration target of 775 to 930 million tonnes ('Mt') at 34 to 36 per cent. iron ('Fe') for the Malelane Project. The Group has just completed a first round of drilling on a portion of the mineralisation and is targeting a resource figure within six months of Admission.

The Group has secured prospecting rights over nine farms and an application over one additional farm within the Leinster Project in South Africa, where previous exploration by Anglo American Corporation between 1977 and 1988 highlighted a manganese occurrence and has allowed the Group to define exploration targets.

Mozambique

The Group has an interest in an early stage joint venture at Changara in Mozambique targeting an area where historical work has outlined outcrops of manganese mineralisation in what the Directors believe to be another wise under-explored region. The Group, through the Mozambique JV, will undertake further mapping and sampling of this area.

Through these three projects and having regard for the existing infrastructure capacity, the Group is targeting production of 3Mt of iron ore and 200,000 to 350,000 tonnes of contained manganese per annum.

On Admission the Company will have raised sufficient funds to allow:

- A resource compliant with JORC to be compiled on a portion of the Malelane Project
- Completion of a pre-feasibility study on the Malelane Project
- Initial exploration of the Leinster Project
- Continued mapping and sampling of outcropping manganese mineralisation at the Changara Project to determine if further exploration is warranted

Group structure

Ferrex was incorporated in England and Wales on 23 August 2010 and, as at the date of this document, had one wholly owned Guernsey incorporated subsidiary, Southern Iron, which in turn has a 74 per cent. shareholding in Moongate and a 49 per cent. shareholding in Umbono Minerals and is party to the Mozambique JV (with the potential to acquire a participation interest of up to 80 per cent. in Capitol Resources).

Southern Iron

On 23 November 2010, pursuant to the terms of the Share Exchange Agreement, Ferrex acquired the entire issued share capital of Southern Iron from its holding company, Southern Minerals, as well as certain debts owed by Southern Iron to Southern Minerals for a total consideration of 35,566,819 pre-division Ordinary Shares. These pre-division Ordinary Shares were distributed by Southern Minerals by way of a dividend '*in specie*' to its underlying shareholders *pro-rata* to their interest in Southern Minerals. Further details of the Share Exchange Agreement are set out in paragraph 11.5 of Part V of the Admission Document.

Moongate

Moongate is a South African incorporated company and a 74 per cent. owned subsidiary of Southern Iron. Moongate has a prospecting right over the Malelane Project and is fully BEE compliant via its other 26 per cent. shareholder Mkhombi, a company with experienced mining executives. Both shareholders are required under the terms of the Moongate Shareholders' Agreement to contribute financially to the development of the Malelane Project *pro-rata* to their shareholding.

Umbono Minerals

A South African incorporated company, Umbono Minerals is 49 per cent. owned by Southern Iron. The remaining 51 per cent. is owned by Umbono Resources. Pursuant to the

terms of the Umbono Agreement, Southern Iron will acquire an additional 25 per cent. interest in Umbono Minerals from Umbono Resources upon such acquisition being approved pursuant to section 11 MPRDA. There is no additional consideration payable by either the Company or Southern Iron for the acquisition by Southern Iron of this additional 25 per cent. interest in Umbono Minerals. Furthermore, on the anticipated grant of the Tweed Prospecting Right, the Company will issue an additional 67,687,790 Ordinary Shares to Umbono Resources. Further details of the Share Exchange Agreement are set out in paragraph 11.6 of Part V of the Admission Document.

Umbono Minerals' main asset is the Leinster Project. Umbono Minerals is fully BEE compliant via Umbono Resources. Both Southern Iron and Umbono Resources are required, under the terms of the Umbono Shareholders' Agreement to contribute financially to the development of the Leinster Project *pro-rata* to their shareholding.

Mozambique JV

Southern Iron is party to the Mozambique JV with Capitol Resources, a wholly owned subsidiary of Baobab Resources plc, an AIM listed company. The Mozambique JV relates to an area in Mozambique covered by the Changara Project. Under the terms of the Mozambique JV, Southern Iron will earn a participation interest of 50 per cent. of the Mozambique JV on completion of the agreed work programmes at an aggregate cost of not less than US\$1,500,000 to Southern Iron (of which US\$300,000 is required to be spent by 28 November 2011). Southern Iron will earn a participation interest of 65 per cent. of the Mozambique JV on completion of a pre-feasibility study, rising to 80 per cent. On completion of a bankable feasibility study.

Other

Southern Iron is also party to a conditional option agreement, giving Southern Iron an option to acquire up to 90 per cent. of the issued share capital of Societe Generale de Mine SARL V ('the SGM Option Agreement'). The SGM Option Agreement is conditional on the granting of a licence over a manganese deposit in the Nageya region in Togo. Further details of the Share Exchange Agreement are set out in paragraph 11.7 of Part V of the Admission Document.

Mineral properties

As set out in paragraph above, the Group holds interests in one iron ore property and two manganese properties located in South Africa and Mozambique. Further summaries of these properties are set out below.

Malelane Project

The Malelane Project is a prospecting right for iron ore covering an area of 4,192Ha in the Mpumalanga region of South Africa. Pursuant to sections 16 and 17 MPRDA, the prospecting right was granted on 20 May 2008 to Moongate for a period of five years, with Moongate having the right to renew the prospecting right for a further three years in accordance with section 18 MPRDA.

The Malelane Project is located over part of the Archean Barberton Greenstone Belt, which comprises volcanic rocks, clastic and chemical sedimentary rocks including BIF. Three distinct BIF horizons occur on the property, with a combined strike length of 14km and mapped widths of up to 300m.

Between 1954 and 1957, 25,468t of hematite ore grading up to 66.4 per cent. Fe was produced from the Malelane Project. Subsequent work highlighted the presence of a potentially large additional resource of low grade hematite mineralisation.

Moongate has most recently completed a first round of drilling on one of the BIF horizons. Whilst some holes are still pending, initial results include the following intercepts:

- Hole SPRC01: 177m at 44.2 per cent. Fe (including 16m at 59.7 per cent.).
- Hole SPRC05: 212m at 36.6 per cent. Fe.

Previous exploration undertaken by Moongate included geological mapping, rock chip and chip channel sampling, airborne LIDAR, aeromagnetic and radiometric surveys, processing of Landsat images and clearing, mapping and sampling of trenches cut by previous explorers. As a result of this work Coffey Mining has calculated a conceptual exploration target of 775 to 930mt at 34 to 36 per cent. Fe for the Malelane Project.

The Malelane Project benefits from established infrastructure, by virtue of being located 6km from a rail line that runs 170km to the port of Maputo in Mozambique, with both water and power in the immediate project area.

Leinster Project

The Leinster Project consists of a prospecting right covering nine farms with an aggregate area of 42,433Ha and an application for the Tweed Prospecting Right that covers an area of 4,434Ha. The existing prospecting right was granted to Umbono Minerals on 23 October 2009 for a five year period, with a right to renew for an additional three years in accordance with section 18 MPRDA. The application for the Tweed Prospecting Right was made by

Umbono Manganese Severn, a wholly owned subsidiary of Umbono Minerals and subsequently accepted by the Department of Mineral Resources in South Africa on 9 September 2010, although it is yet to be granted.

South Africa hosts the largest metallogenic province of manganese mineralisation in the world. The Leinster Project covers the northernmost known erosional relict (the Leinster Manganiferous Basin) of the Kalahari Manganese Field ('KMF'). Aquila Resources Limited has recently defined a resource of 109 mt at 39 per cent. Mn in the Avontuur Basin, another erosional remnant of the KMF located 20 kilometres south of the Leinster Project.

Manganese mineralisation and host lithologies in the KMF are concealed beneath soft, generally semiconsolidated sediments of the Kalahari Formation. In the Leinster Basin, the Kalahari Formation cover is between 70 and 150m thick.

Anglo American Corporation explored the Leinster Basin from 1977 to 1988. Exploration included ground magnetic, gravity and IP surveys followed by diamond and percussion drilling programmes. A total of 51 boreholes were drilled, which led to estimation of an 'Indicated Resource' (not compliant with JORC) of 7.8Mt at 34.8 per cent. Mn. Coffey Mining has defined a JORC exploration target of 5.5 to 8.7Mt at 28.6 to 31.3 per cent. Mn.

Changara Project

The Changara Project comprises four exploration licences held by Capitol Resources covering an area of 51,060 Ha in the Tete Province of Mozambique, bordering the northeast corner of Zimbabwe. Stratabound and stratiform manganese mineralisation at Changara is hosted by Proterozoic high-grade metamorphic rocks. Enrichment occurs in fold closures, with secondary mobilisation along faults, joints and dykes. Individual lenses of manganese mineralisation are up to 200m long and historical selective grab samples returned grades up to 53.37 per cent. manganese.

Given the geological similarity between Changara and the Broken Hill district of Australia, exploration by Southern Iron's joint venture partner, Capitol Resources has focused on Broken Hill Type ('BHT') mineralisation. Capitol Resources has identified a number of targets that have been incorporated into the exploration programme. Although BHT mineralisation is not a focus for the Group, low-cost evaluation of BHT mineralisation has been incorporated into the exploration programme because of the results received to date by Capitol Resources.

Proposed work programme

Subject to results, the Group plans to complete a number of work programmes in the 18 months following Admission including:

Malelane Project

- A resource compliant with JORC to be compiled on a portion of the existing exploration target in the Malelane Project
- Pre-feasibility study on this JORC compliant resource

Leinster Project

- Initial regional exploration, via geophysics.
- Follow up drilling of the targets identified in the initial regional exploration.

Changara Project

- Continued infill soil sampling, outcrop sampling and detailed mapping
- Limited initial drill campaign

Budget

Ferrex is proposing to spend the following amounts in executing the current and proposed work programmes which also satisfies all minimum spend commitments. All amounts are in pounds sterling.

	Year One	Year Two
	£	£
Malelane Project		
Drilling	411,168	-
Geology and Mining	26,00	-
Met Testwork	22,750	22,750
Engineering	54,545	90,909
Environmental	2,273	27,273
Marketing Survey	-	12,048
RSA Staff	11,818	1,364
Total Malelane Costs	528,555	154,344
	Year One	Year Two
	£	£
Leinster Project		
Drilling	163,416	-
Aeromag	210,158	-
RSA Staff	11,818	1,364
Total Leinster Costs	385,392	1,364

Summary of South African and Mozambique mining law

A summary of relevant South African and Mozambique mining law applicable to the Group's projects is contained in Part VI of the admission document. See link to view admission document www.ferrexplc.com

Objectives and strategy

The initial focus of the Group will be on the Malelane Project which the Directors believe is an attractive opportunity due to the combination of its large exploration target and proximity to infrastructure. The Group's longer term strategy is to build up its manganese portfolio. In addition to the Leinster and Changara Projects, the Company is actively pursuing additional manganese projects in Africa to bring more emphasis to this mineral over time.

Key strengths

The Directors believe that the Group has the following key strengths:

Exploration targets which can be converted to resources compliant with the JORC code

Two of the Group's three properties host exploration targets that outcrop or occur at shallow depths. The Group plans to define resources compliant with JORC at the Malelane Project within six months of Admission.

Ability to commence pre-feasibility studies within a short timeframe

With the publication of a JORC compliant resource, the Group will be able to commence a prefeasibility study within a relatively short timeframe.

Management

The Directors and the Group's management have a proven track record of exploring and developing mineral assets in Africa and have created significant value for shareholders in previous companies with which they have been involved.

Current trading and prospects

Ferrex is purely an exploration company and, therefore, has not yet generated any revenue. The Directors do not expect it to be profitable for some time. An unaudited pro forma statement of the consolidated net assets of the Group, showing the impact of the Placing, is set out in Part III of the Admission document. On Admission, the Directors anticipate that

the Group will have cash resources (including the net proceeds of the Placing) of approximately £1.64 million to continue its exploration and evaluation activities.

Directors and senior management

As at Admission, the Board will consist of one executive director and three non-executive directors, whose details, along with those of the Group's senior management, are set out below:

Directors

Brian Moritz, Chairman (Aged 75)

Brian Moritz is a Chartered Accountant and former Senior Partner of Grant Thornton UK LLP, London. He formed Grant Thornton's Capital Markets Team which floated over 100 companies on AIM under his chairmanship. In December 2004 he retired from Grant Thornton UK LLP to concentrate on bringing new companies to the market as a director. He specialises in mining companies, primarily in Africa, and was formerly chairman of African Platinum plc ('Afplats') and Metal Bulletin plc as well as currently being chairman of several junior mining companies.

Dave Reeves, Managing Director (Aged 42)

Dave Reeves holds a first class honours degree in mining engineering from the University of New South Wales, a graduate diploma in applied finance and investment from the Securities Institute of Australia, and a Western Australian first class mine managers certificate of competency. Dave has been involved with mining precious, base and industrial minerals throughout his career. He has spent the last 13 years developing projects in Africa, including Zimbabwe Platinum Mines Limited ('Zimplats') and Afplats where he was responsible for the feasibility studies and development of the projects as well as being involved in the sale of both companies. He has most recently been Managing Director of Southern Minerals, a private, Africa focused mineral development company from which the Company acquired Southern Iron. He is currently a director of ASX listed Minbos Resources Limited and Southern Crown Resources Limited.

Roy Pitchford, Non-executive Director (Aged 60)

Roy Pitchford is a Chartered Accountant, with more than 25 years senior management and executive experience. Previously Chief Executive Officer of Cluff Resources Zimbabwe Limited, Delta Gold Zimbabwe (Pvt) Limited, Zimplats, Afplats, and African Minerals Limited. Roy currently sits on the boards of several public and private mining companies.

Russell Lamming, Non-executive Director (Aged 42)

Russell Lamming is a geologist with an honours degree in geology from the University of the Witwatersrand and a Bachelor of Commerce in Economics from the University of Natal. Russell has a broad range of experience including a directorship at a South African mining consultancy and as a precious metals analyst for Deutsche Bank. As a mining consultant, Russell's experience includes competent persons reports, the valuation and strategic analysis of mineral projects, technical due diligence on resource projects, and bankable feasibility studies. Russell led the commercial process at Afplats. Russell was Chief Executive Officer of AIM listed Chromex Mining plc until its recent purchase by Synergy Africa Limited.

Senior Management

Mark Styles, Exploration Manager (Aged 40)

Mark Styles is a geologist with a first class honours degree obtained from the University of Western Australia and 20 years' experience in exploration and project management worldwide. His experience covers a range of precious metals, base metals and industrial minerals in Australia, Saudi Arabia, Tanzania, South Africa, Canada and Mexico, where he was country manager for an ASX listed explorer Azure Minerals Limited. In 2008, Mark established a geological consulting company, which has provided consulting services to Cliffs Natural Resources Inc. on targeting and evaluation of exploration ground near their Australian iron ore operations since April 2009.

James Carter, Chief Financial Officer (Aged 41)

James Carter is an Australian qualified Certified Practising Accountant and Chartered Company Secretary. He has 16 years' commercial, financial and M&A experience in the resources industry, particularly gold, copper and coal, working in site based and corporate office roles in Australia, Indonesia and Singapore. James was previously Chief Financial Officer of Singapore Securities Exchange listed thermal coal producer Straits Asia Resources Limited and ASX listed diversified miner Straits Resources Limited. He is a founder of Worldwide Mining, a private company exploring for coal in Indonesia and is a non-executive director of PTT Asia Pacific Mining (Pty) Limited.

Directors' interests, lock-in and orderly market arrangements

On Admission, the individual interests of the Directors in the Company will be as follows:

Name	Number of Ordinary Shares held on Admission	Percentage of Share Share Capital	Enlarged
Brian Moritz	13,333,333	2.57	
Dave Reeves	95,446,523	18.37	
Russell Lamming	40,833,333	7.86	

Pursuant to the terms of the Lock-in and Orderly Market Agreement, the Directors have agreed (in accordance with Rule 7 of the AIM Rules for Companies) not to dispose of any interests in any Ordinary Shares for a period of 12 months from Admission. In addition, the Directors have agreed that, for the period of 12 months after the first anniversary of Admission, they will only effect a disposal of Ordinary Shares through Ocean Equities (or the broker to the Company at that time), provided that the price, costs and expenses relating to the disposal are competitive with those offered by other brokers and Ocean Equities is, within a period of five days, able to obtain a price equal to or in excess of the best price which can be obtained elsewhere. Further details of the Lock-in and Orderly Market Agreement are set out in paragraph 11.4 of Part V of the Admission document.

The Placing

Pursuant to the Placing Agreement, Ocean Equities has agreed to use its reasonable endeavours to procure, as agent for the Company, institutional and other investors for the Placing Shares at the Placing Price to raise £2 million (before fees and expenses). The Placing is conditional upon, *inter alia*, Admission becoming effective no later than 18 July 2011 (or such later date as Grant Thornton, Ocean Equities and the Company may agree but in any event no later than 25 July 2011) and the Placing Agreement not having been terminated prior to Admission. The Placing Shares will be credited as fully paid upon issue and will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission. Further details of the Placing Agreement are set out in paragraph 11.1 of Part V of the Admission Document.

Use of proceeds

The net proceeds of the Placing will be used to advance the Group's projects as set out in 'Proposed work programme' in paragraph 4 above and to provide general working capital for the Group.

Reasons for the Admission

The Directors believe that Admission is an important step towards developing a successful iron ore and manganese exploration and production business. The Directors consider that Admission will raise the public profile of the Group and its assets, facilitate project acquisition and provide a platform to raise capital quickly and efficiently as required.

Dividend policy

The Company's policy is to increase capital value and therefore dividends will not be paid in the short term.

Share incentive plan

The Company recognises the importance of attracting, retaining and incentivising high quality personnel. The Company has implemented the Share Option Scheme, further details of which are contained in Part V of the Admission document and it is the Company's intention to implement a further suitable share incentive scheme to enable up to 10 per cent. of the Company's issued share capital to be utilised for management share incentives following Admission.

Taxation

The attention of investors is drawn to the information regarding taxation which is set out in Part V of the Admission document. These details are, however, intended only as a general guide to the current taxation law position in the United Kingdom for certain types of investor. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the United Kingdom are strongly advised to consult their professional advisers.

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