

25 June 2012

Ferrex plc ('Ferrex' or 'the Company')
Positive Malelane Iron Ore Scoping Study Update

Ferrex plc, the AIM quoted iron ore and manganese development company focused in Africa, is pleased to provide a positive Scoping Study update from its 74% owned 4,192 Ha Malelane Iron Ore Project ('Malelane') located in the prospective Mpumalanga Province of South Africa with direct access to the port of Maputo in Mozambique.

Overview

- Economics significantly improved through updated Scoping Study to produce a 56% Fe product using crush/high pressure grinding roll ('HPGR') to produce a 6mm product followed by Dense Media Separation and spirals
 - Capital cost substantially reduced from USD297m to USD139m
 - Capital intensity further reduced from USD99/t to USD89/t – enhancing the Company's position within the lowest quartile for capital intensity* of new iron ore projects worldwide
 - IRR increased from 39% to 50% (pre-tax)
 - NPV @ 10% of USD317m (pre-tax)
- Further testwork on fines produced in the process now being undertaken to further improve overall recoveries and economics

*capital intensity is the capital cost of the project divided by the tonnage of product produced per annum

Ferrex Managing Director Dave Reeves said, "The updated Scoping Study has significantly enhanced the commerciality of Malelane as a potential producing asset and is in line with the Company's strategy of targeting low capital projects. This update also highlights the significant benefits of simplifying the process route via DMS and has resulted in a 25% increase in IRR whilst more than halving capital costs, and further reducing the already impressive capital intensity figures for the project.

"Whilst the NPV has reduced, the increase in the IRR of the project delivers a better return to shareholders. We are focussed on creating minimal dilution to shareholders where possible, and with an estimated total capital cost of USD139m, it is now potentially feasible for the Company to fund a large portion of the development of this project with anticipated cashflows from its proposed Nayega manganese development in Togo which is targeted to go into production towards the end of 2013.

"Work will now focus on finalising the fines process route in order to further improve economics and overall yield. With this in mind we look forward to updating shareholders further as we progress Malelane up the development curve and towards production."

Detailed Information

Metallurgical Testwork

The DMS metallurgical testwork used in the revised scoping study was conducted under the guidance of Nagrom, an Australian iron ore processing specialist. The testwork consisted of crushing and dense media separation processes.

Results showed that at a density separation of 3.1, a 60% iron ('Fe') recovery at a 46% mass recovery occurs for -6mm to +1mm material. This compares to a mass recovery of 47% achieved in the process used in the Scoping Study. The average grade of product produced from the DMS was 56% Fe from a feed grade of 42% Fe. Initial modelling suggests that 64% of the feed to the plant will report to the DMS circuit with the remaining to be treated by a fines circuit. For this study, the fines were processed through a set of spirals that yielded 20% mass recovery. This is an area the Company will now focus on to improve recoveries.

Cost Estimates

Mining schedules and costs were re-run by Turgis consulting to provide a 4.5mtpa feed rate to the plant. DRA Pacific undertook a Scoping Study on the revised process flowsheet using the previously announced numbers as a base. The major changes were as follows:

1. Decrease plant capital cost from USD203m to USD84m
2. Decrease EPCM and Contingency from USD56m to USD26m
3. Increase logistics handling via using an overland conveyor to the rail from USD14.4m to USD19.6m
4. Decrease overall plant operating costs from USD6.89/t to USD3.66/t
5. Overall operating costs have increased to USD64/t FOB due to the lower mass recoveries and higher strip ratios

Malelane – Further Information

Malelane is located over part of the Archaean Barberton Greenstone Belt, close to infrastructure and just 6km from an electrified railway line which services the deep water port of Maputo in Mozambique 170km away.

Three distinct BIF horizons have been identified on the property with a combined strike length of 14km and mapped horizontal widths of up to 300m. A maiden JORC Code compliant Inferred Resource of 139Mt @ 40.1% CaFe has been calculated over 1.1km of the 14km strike length. Mining consultants Coffey Mining calculated a total exploration target at Malelane of between 775 and 930Mt at 34-36% Fe.

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.

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 exploration and development company focused on advancing low capex iron ore and manganese projects in Africa through the development cycle and into production. Our current property portfolio comprises iron ore (Malelane) and manganese (Leinster) projects in South Africa and a manganese project (Nayega) in Togo, all of which offer the potential for significant near-term value uplift.

The Company's growth strategy is centred on advancing its current assets, utilising its Board and management team's considerable experience in developing resource projects across Africa and expanding its portfolio through acquisitions to build Ferrex into a mid-tier, low-cost producer of iron ore and manganese.