

30 July 2014

Ferrex plc ('Ferrex' or 'the Company')
Mebaga DSO Iron Ore Project Update

Ferrex plc, the AIM quoted iron ore and manganese development company in Africa, provides an update regarding the proposed funding transaction for the Mebaga direct shipping ore ('DSO') Iron Ore Project ('Mebaga' or the 'Project') in Gabon.

On the 19th December 2013 the Company announced a proposed funding transaction for Mebaga with Anglo American plc ('Anglo American') and Kumba Iron Ore (Pty) Ltd ('Kumba') (together 'the Parties'), conditional on a successful due diligence and approval by the Boards of both Ferrex and the Parties. Subsequent to that announcement, the Parties have concluded a successful legal and technical due diligence and approval for the proposed transaction by both the Gabonese Ministry of Mines and Ministry of Commerce has been granted. The Parties' corporate approval process was then initiated. Notwithstanding the successful due diligence process, Ferrex has now been notified that the Parties have resolved not to pursue the proposed funding transaction.

The Board is confident that the Mebaga project is a strategically important asset due to its position as the closest DSO project to the port of Libreville in the Belinga Province. The DSO potential has been authenticated by the 2013 drilling campaign where all 9 diamond holes intersected DSO grade mineralisation, with the best intercept of 28.7m at 61.4% Fe from surface in NGDH008. This grade equates to a 66% calcined Fe with less than 4.5% combined Si and Al which independent marketers have confirmed will trade at a premium to the 62% benchmark price. Mebaga has a current Exploration Target of 90Mt to 150Mt at 35% to 65% Fe and 550Mt to 900Mt at 25% to 40% Fe defined over an 12km strike length, which equates to only 63% of the 19km strike identified to date where mineralisation is open both along strike and at depth. Importantly geological mapping of the area successfully identified high grade iron ore mineralisation in the eastern half of the licence, 3km east of the BRGM historical BRGM pit (P72) and 7km east of the area drilled by Ferrex in 2013. Rock chips were taken and submitted for assay with a highest grade of 63.6% Fe returned from this programme.

The increasing commercial attraction of DSO projects in Gabon, the highly strategic geographic position of Mebaga and the recent transactions that have taken place in Gabon, including Assmang's proposed US\$19.8m investment in Australia based IronRidge Resources, underpins the Board's confidence that discussions with other strategic funders will be concluded in time to allow drilling to commence in the next dry season.

Ferrex Managing Director Mr. Dave Reeves said, "The termination of this Term Sheet is obviously disappointing considering the significant amount of work that went into successfully completing the due diligence and obtaining all necessary government approvals. Based on successful completion of all other conditions precedent, and the lack of guidance from the Parties, we can only surmise that the reason for termination was due to a change in strategy at the corporate level.

“That said, whilst undertaking this process, the Company has continued to add value to Mebaga by completing a regional mapping and sampling programme and conducting an infrastructure and logistics study which we will soon release to the market. With the robust project geology, the infrastructural advantages associated with Mebaga and the recent increase of financing activity in iron ore projects in Gabon, I am confident that we are now in a better position to fund Mebaga at project level than we were at the end of 2013.

“As a significant shareholder in Ferrex myself, I am committed to securing the most value accretive funding transaction for the Company. I will provide updates at the appropriate time and would like to thank shareholders for their support and patience at this time in our development.”

****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.