

25 January 2013

Ferrex plc ('Ferrex' or the 'Company')
£2.165 Million Placing and Notice of General Meeting

Ferrex plc, the AIM quoted iron ore and manganese development company focused in Africa, is pleased to announce that it has conditionally raised £2.165 million (before expenses) by means of a Placing of 135,312,500 new Ordinary Shares at a price of 1.6 pence per new Ordinary Share. The Placing comprises 122,812,500 new Ordinary Shares to be placed by finnCap with institutional and other investors pursuant to the Placing Agreement and 12,500,000 new Ordinary Shares to be issued to certain of the Directors pursuant to the Subscription Agreements (the "Direct Subscription"). The issue of the Placing Shares is conditional, *inter alia*, on the passing of the Resolutions at a General Meeting, notice of which is expected to be posted to shareholders by Monday 28 January 2013.

The Company intends to utilise the proceeds of the Placing to fast-track the development of its iron ore and manganese portfolio of low-capex assets in Africa, which benefit from their location close to established infrastructure, up the development curve and into production. The Company's portfolio includes the Nayega manganese project in Togo ('Nayega'), the Megaba iron ore deposit in Gabon ('Megaba'), and the Malelane iron ore project in South Africa ('Malelane').

Ferrex is due to conduct a Bankable Feasibility Study at Nayega which is due for completion in H1 2013. The Nayega deposit has an Indicated JORC resource of 7.3Mt at 14.7% Mn and initial Scoping Study results indicate that the project could produce 250,000 tonnes of 38% concentrate per annum. From here, the Company plans to commence development at Q4 2013/Q1 2014, with a view to production.

At the Company's recently acquired Megaba deposit in Gabon, which has been shown to include Direct Shipping Ore grade iron ore, defined over 1.8km of strike, based on previous exploration undertaken by the French public earth sciences institution, Ferrex plans to define a JORC compliant resource (exploration target 20Mt at 60% Fe) and take the project through to a Scoping Study stage by the end of 2013.

At its Malelane iron ore project in South Africa (in which the Company has a 74% interest), which has an Inferred JORC resource of 139Mt at 37% Fe, the Company has recently announced an updated Scoping Study which underpins the robust economics of the project and its viability as an open pit mining operation producing 1.8Mt per annum at 57% Fe over a 16.6 year mine life.

Ferrex CEO Dave Reeves said, "Through the successful implementation of key exploration and development initiatives at our Nayega and Malelane projects, along with the acquisition of a highly synergistic iron ore asset in Gabon, we have significantly enhanced the value of Ferrex's manganese and iron ore portfolio over the last six months. Furthermore, we are delivering on our strategy to acquire and advance high quality, low capex projects with near term production potential. With this in

mind, this £2.1 million fundraise will enable us to apply our sequential operational strategy. This is focused on conducting a bankable feasibility study at the Nayega manganese project in Togo, which is on target to become our first production project, generating cash to help fund the future development of our prospective iron ore assets, in tandem with proving up and expanding resources at our Mebaga and Malelane iron ore projects respectively. In addition, environmental studies and labour plans are currently being drafted and a Pre-Feasibility is targeted to commence H2 2013 at Malelane. With these developments in mind, this is a highly active time for Ferrex and we look forward to updating shareholders regarding our progress on a regular basis.”

Further details

The net proceeds of the Placing will primarily be used to provide working capital to advance the Group’s projects as follows:

- Nayega, Togo - to fund production of a bankable feasibility study;
- Mebaga, Gabon - to fund exploration work with a view to producing an initial resource and scoping study; and
- Malelane, South Africa - to progress development work.

In addition, up to £500,000 of the net proceeds will be used to cover overhead and administrative costs, including an early repayment to director James Carter of, in aggregate, £97,020 (excluding interest), pursuant to the terms of the Working Capital Facility entered into by the Company on 21 December 2012.

A notice convening the General Meeting to be held at Craven House, West Street, Farnham, Surrey GU9 7EN at 10.30 a.m. on 12 February 2013 is expected to be posted to shareholders by Monday 28 January.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Assuming that the Resolutions are passed, it is expected that Admission will become effective and dealings in the Placing Shares will commence at 8:00 a.m. on 13 February 2013.

Under the Direct Subscription the Directors, other than James Carter, have agreed to subscribe for , in aggregate, 12,500,000 Placing Shares directly with the Company at the Placing Price pursuant to the Subscription Agreements in the following proportions.

Director	Number of Placing Shares	Interests in Ordinary Shares on Admission	% of Enlarged Share Capital
Dave Reeves	9,375,000	112,488,189	14.62
Brian Moritz	1,250,000	14,583,333	1.89
Russell Lamming	937,500	42,881,944	5.57

Roy Pitchford	937,500	78,993,055	10.26
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Under the AIM Rules each of Dave Reeves, Brian Moritz, Russell Laming and Roy Pitchford are separately treated as related parties of the Company. James Carter who is not participating in the Placing considers, having consulted with finnCap, the Company's nominated adviser, that the terms of the Direct Subscription between the Company and each of Dave Reeves, Brian Moritz, Russell Laming and Roy Pitchford are fair and reasonable insofar as the Shareholders are concerned.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Circular containing notice of the General Meeting, a copy of which will be available on the Company's website.

****ENDS****

For further information visit www.ferrexplc.com or contact the following:

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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 which is due for completion in H1 2013, and expects to be developing it into production by the end of 2013/Q1 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. Earlier work at Mebaga by the BRGM, the French public earth sciences institution, produced an exploration target of 20Mt @ 60% iron (Direct Shipping Ore* ('DSO')). Ferrex has full access to the BRGM records and plans to produce a JORC resource and Scoping Study by the end of 2013 at which time it will apply for a Mining Licence.

Conceptually, Mebaga is capable of initially producing 1 million tpa of 60% iron DSO with capital costs in the lowest quartile worldwide on a capital intensity basis**.

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 will have 809m shares on a fully diluted basis after completion of the Mabega acquisition. The Directors have subscribed for and purchased approximately 35% of the issued share capital of the Company and thus aligned with shareholders interests.

*Direct Shipping Ore is ore which is high enough grade that the iron does not need capital intensive processing into concentrate at the mine. Conceptually it can simply be dug up, crushed to a uniform size, transported and sold.

** Capital Intensity is the Capital Cost of the project divided by its production per annum and is an indicator of project return