

24 March 2014

Ferrex plc ('Ferrex' or 'the Company')

Placing for £1.655 million

Ferrex plc, the AIM quoted iron ore and manganese development company in Africa is pleased to announce it has entered into Placing Agreements to raise **£1.655 million** gross through the issue of 92,500,000 ordinary 0.5p shares in the Company. The funds raised will be used to continue the development of the Company's low capex African iron ore and manganese assets, which are close to infrastructure, as well as for working capital purposes.

- YA Global Master SPV Ltd (YAGM) has subscribed for a total of 86,500,000 new ordinary shares in the Company at a price of 1.8p per share for £1.557 million in aggregate
- 36,500,000 of these shares to be placed out with a select group of entities by YAGM
- An additional 6,000,000 shares has been placed at a price of 1.8p by the Company
- Separately the Company and YAGM have entered into an equity swap agreement for £0.45m
- YAGM has agreed restrictions on the volume of ordinary shares in the Company that it can trade from time to time and is subject to a 2 month voluntary lockup on the shares

Ferrex MD Dave Reeves said, "We are pleased to secure this additional capital which will support the Company as we look to complete a number of milestones which have been initiated over the past year which have the potential to add significant value to the company. The funding will allow us to complete the DFS at our Nayega manganese project in Togo, continue operations at the Mebaga iron ore project in Gabon until the proposed funding transaction has completed and pay for the ongoing feasibility study costs at the Malelane iron ore project, in South Africa. With the anticipated near term completion of various of these milestones, the company looks forward to providing further updates on each of the projects shortly thereby benefiting from the equity swap arrangements".

YAGM has subscribed for a total of 86,500,000 new ordinary shares ('Placing Shares') in the Company at a price of 1.8p per share and therefore for a gross £1.557m in aggregate. YAGM have agreed with the Company that they will not dispose of any of their subscription shares for an initial 2 month period.

Completion of this Placing is conditional on admission of the Placing Shares to trading on AIM of the London Stock Exchange. Application will be made for the admission of the Placing Shares to trading on AIM ("AIM Admission") and it is expected that AIM Admission will occur and that trading in the new ordinary shares will commence on AIM at 8.00 am on the 27th of March 2014. The Placing Shares will rank pari passu in all respects with the Company's existing issued ordinary shares.

Following AIM Admission, the Company's enlarged issued share capital will comprise 933,794,390 ordinary shares. The Company does not hold any shares in treasury. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Following the issue of the Placing Shares, YAGM has agreed to place some of these shares with a selected syndicate which will result in YAGM having an interest in 50,000,000 ordinary shares in the Company, representing 5.4% of the issued share capital.

The Company and YAGM have entered into an equity swap agreement ('the Equity Swap Agreement') over 49,999,992 of the Subscription Shares ('the Swap Shares'). In return for an payment by the Company to YAGM of £450,000 ('the Initial Swap Funds'), twelve monthly settlement payments in respect of such payment will be made by YAGM to the Company, or by the Company to YAGM, based on a formula related to the difference between the prevailing market price (as defined in the Equity Swap Agreement) of the Company's ordinary shares in any month and a 'benchmark price' that is 10% above the Subscription Price. Thus the funds received by the Company in respect of the Swap Shares will be dependent on the future price performance of the Company's ordinary shares.

YAGM may elect to terminate the Equity Swap Agreement and accelerate the payments due under it in certain circumstances.

YAGM has agreed that it and its affiliates will refrain from holding any net short position in respect of the Company's ordinary shares and has agreed restrictions on the volume of ordinary shares in the Company that it can trade from time to time until the expiry or if earlier termination of the Equity Swap Agreement.

****ENDS****

For further information and the full Admission document 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 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 led 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 will have 934M shares on the conclusion of this placement 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.