Ferrex plc / Index: AIM / Epic: FRX / Sector: Mining

12 June 2013

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

Interim Results

Ferrex plc, the AIM quoted exploration and development company focussed on advancing low capital iron ore and manganese projects in Africa through the development cycle and into production, is pleased to announce its interim results for the six months ended 31 March 2013.

Overview:

- Strengthened iron-ore portfolio through the acquisition of a new DSO project, Mebaga in Gabon, West Africa – 3,000m drilling programme underway to delineate maiden JORC compliant resource in 2013
- Definitive Feasibility Study underway at Nayega manganese project in Togo – projected low capex cost of <US$15 million for up to 250,000t of manganese product per annum
- Fast-tracked Malelane iron-ore project in South Africa to Scoping Study Stage which indicated robust economic potential for developing a 1.8Mt Fe per annum operation with 17 year life of mine in the mid-term
- Strengthened management team with the appointment of Gus Simbanegavi as Project Manager of Malelane iron project in South Africa

Chairman's Statement

We have a firm focus on exploiting the near term production potential evident across our African portfolio of manganese and iron ore assets to maximise value for shareholders. With this in mind, we have delivered over the last six months on a range of operational and corporate milestones designed to optimise the economics of our assets and deliver upside to our investment.

A significant development during the period under review was the award, in January 2013, of the Mebaga direct shipping ore ('DSO') Iron Ore Project in Gabon ('Mebaga'). With our strategy focussed on targeting mid-size deposits, close to infrastructure, to facilitate near term production, this project has demonstrable synergies with the rest of our portfolio which also comprises the Nayega Manganese Project in Togo ('Nayega'), the Malelane Iron Ore Project in South Africa ('Malelane') and the Leinster Manganese Project ('Leinster') also in South Africa.

In order to build upon the intrinsic value of our asset base, we have a sequential development strategy in which we expect to see Nayega's low capex development potential exploited first. We are currently progressing our Definitive Feasibility Study ('DFS') at Nayega and submitted our application for an exploitation permit during the period. Depending on the outcome of the DFS and timing of award of the exploitation permit, we are aiming for development to commence in the second half of 2013 with first production envisaged in 2014. Cash flows generated from production can then be recycled into our development programmes for our iron ore projects, and with this in mind, we anticipate that Mebaga will be our second production development project, followed by Malelane.

Nayega Manganese Project – Ferrex 85%

The 92,390 hectare Nayega Project in Togo held by Ferrex's 85% owned subsidiary Société Générale des Mines (SGM) has a JORC Code compliant Indicated resource of 7.3 million tonnes ('Mt') at 14.7% Mn and good road access to Lome Port located 600 km away. Importantly, the port is currently undergoing a US$50 million expansion for a third container port which will benefit mining projects in the country.

We successfully submitted our exploitation permit application in October 2012 and depending on the timing, Nayega has the potential to be production-ready towards the end of this year. An indicative low capex of US$15 million capex is estimated to develop a 250,000 tonnes per annum operation at the site. The low capex can be accredited to the simple beneficiation route required to process the deposit and its suitability as a shallow open pit operation. Operating costs are also low, currently estimated to be US$2/ Dry Metric Tonne Unit ('dmtu') Free on Board ('FOB'), and with the manganese prices increasing through the period, the project economics would generate strong returns. The next development milestones will be the publication of the DFS, which is progressing well, and the results from infill pitting, aimed at upgrading part of the Nayega resource to the Measured category.

Financing negotiations are on-going and we are currently assessing a range of options. Announcements regarding all of these developments are anticipated over the coming months.

Mebaga Iron Ore Project, Gabon – Ferrex 82%

The newly awarded 309 sq km Mebaga DSO Iron Ore Project is located in the Mitzic area of Gabon, just 30km from a sealed highway. It has good transport infrastructure links being just 100km north of the Trans-Gabon railway which has capacity to transport product over the 260km distance to the deep water Port of Owendo.

Another attractive feature of the site was the amount of previous exploration undertaken by the French public earth sciences institution, the Bureau de Recherchés Geologiques et

Menieres ('BRGM'). Its work identified DSO mineralisation over 1.8km of strike, produced an exploration target of 20Mt @ 60% iron (‘Fe’), as well as a larger, lower grade target of 50Mt @ 47% Fe. This has given us a strong focus for our 2013 exploration and development campaign and, since January 2013, we have undertaken work to prove up its economic potential.

Just four weeks after the acquisition, we reported DSO values up to 67.9% Fe from a Niton XRF Analyzer on rock samples. We also successfully located the majority of historic BRGM pits in and around the main zone of high grade iron ore mineralisation. Historic assay results for these included:

- 27m @ 58.4% Fe (mineralisation still open at bottom of pit)
- 18.5m @ 57.5% Fe (mineralisation still open at bottom of pit)
- 10.5m @ 61.4% Fe (mineralisation still open at bottom of pit)

Additionally, geological mapping has identified intermittent outcrop of lateritised detrital iron ore mineralisation over a total strike length of about 2km.

With this in mind, we have mobilised two Geoserve rigs on site and a 3,000 m drilling programme is now underway, which is testing the main 1.8km zone of iron ore mineralisation at the Mebaga deposit to depths of 250m. This is expected to take two to three months and we therefore expect to report a maiden JORC Code compliant resource in H2 2013.

Importantly, outside of the initial drill area, the project demonstrates significant upside potential. Magnetic images emphasise that the Mebaga trend incorporates the most extensive outcropping of banded iron formation ('BIF') horizon in northern Gabon outside of the Belinga trend and images suggest that approximately 80% of the BIF horizon lies within Ferrex's Mebaga concession.

We believe that the Mebaga deposit offers near term resource and production potential for Ferrex, and as such has been prioritised as our second production development project in our portfolio.

Malelane Iron Ore Project – Ferrex 74%

The Malelane Project in South Africa covers a 4,192 hectare area and is well connected in terms of infrastructure. The project has three distinct banded iron formation (‘BIF’) horizons with a combined strike length of 14km and mapped horizontal widths of up to 300m. We have defined a JORC code compliant Inferred Resource of 139 Mt @ 37% Fe which importantly, is only modelled on 1.1. km of the 14 km of the BIF strike, and the project has an upgraded total exploration target of 1.6bt to 2.0bt at 28-30 % Fe as announced on 4 June 2013.

During the period, we successfully enhanced the already robust economics of developing an initial 1.8Mtpa operation @ 57% Fe at Malelane, with a life of mine of 16.6 years and a conventional open pit mining, strip ratio of 1.55:1 through an updated Scoping Study report based on our current Inferred Resource. This followed an investigation into improved fines recovery which concluded that by using an alternative density separation method to increase the mass recovery of the fines from 20% to 37%, the NPV of the project would be increased by 65% to US$ 523 million and the IRR by 44% to 72%. Importantly, the Capital Intensity was also reduced to US$72/t which re-emphasised the project's position within the upper quartile of iron ore development projects globally. This is based on an estimated capex of US$139 million and operating costs of US$53.5/FOBT. Environmental, social and labour studies are currently underway ahead of our mining licence application and the results from these can also be fed into our on-going Pre-Feasibility Study ('PFS') at the project. In order to oversee this process, we were delighted to welcome Gus Simbanegavi as Project Manager for Malelane in October 2012 and look forward to benefitting from his strong experience in the resource industry.

Leinster, South Africa – Ferrex 74%

The 47,004 hectare Leinster project is our secondary manganese project located in the Northern Cape and North West Provinces of South Africa. It is situated in the Leinster Basin, an erosional outlier of the Kalahari Manganese Field, which is the largest metallogenic province of manganese mineralisation in the world.

Our Leinster deposit lies at an average depth of 80m and is envisaged to be a small underground operation with ore trucked or railed to port for the export market. The property was previously owned by Anglo American which drilled 51 holes between 1977 and 1988. Using this information, Coffey Mining calculated an exploration target of 5.5 to 8.7Mt at 28.6 to 31% Mn for Leinster on behalf of Ferrex. The target is open in all directions.

Processing of high resolution airborne magnetic/radiometric data collected late last year significantly enhanced our understanding of the sub-surface geology at Leinster. In addition, the work highlighted additional targets over previously unrecognised occurrences of Hotazel Formation, which hosts manganese mineralisation in the Leinster Basin and in the larger Kalahari Manganese Field. A drill programme to define a JORC Code compliant resource and to test some of the targets has been planned and is due to be implemented later this year.

Financial

During the first three months of the year, we were pleased to announce the successful raising of £2.165 million (before expenses) by means of a Placing of 135,312,500 new Ordinary Shares with new and existing institutional investors at a price of 1.6 pence per new Ordinary Share. The Directors participated in the Placing.

The loss before and after tax for the six months ended 31 March 2012 was £770,000.

Conclusion

Ferrex has an exciting, multi-commodity, steel focussed portfolio in Africa and our advanced iron ore (Malelane & Mebaga) and Togo (Nayega) manganese projects provide us with diverse exposure to near term cash flow through relatively low capex development programmes. While our three core projects have been prioritised in terms of timelines to ensure as much value as possible is retained for shareholders, we have been highly active across all three of our core projects and these initiatives will provide a significant amount of news flow over the coming months.

At Nayega, we will soon be announcing results from our DFS, which will include an upgrade of part of the resource to the Measured category, ahead of a development decision in the second half of 2013. Drilling will continue at Mebaga to allow estimation of a maiden JORC Code compliant resource for Q3 2013, while we hope to further enhance our model for Malelane through the publication of our PFS in H2 2013. Importantly, we are funded to pursue all these value-add campaigns. We also remain committed to identifying and assessing new project opportunities which complement low-capex/ near to infrastructure/early production investment criteria.

With this in mind, I would like to thank shareholders for their support during the period and I look forward to updating shareholders regarding our progress at the appropriate time.

B Moritz, Chairman
12 June 2013

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2013

	31-Mar-13 (unaudited) £'000	31-Mar-12 (unaudited) £'000	30-Sep-12 (audited) £'000
Continuing operations			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Administrative and exploration expenses	(783)	(794)	(1,500)
Loss from operating activities	(783)	(794)	(1,500)
Finance income	-	21	-
Finance costs	-	-	-
Net finance income/(costs)	-	21	-
Extraordinary gain on acquisition	-	11	-
Loss before taxation	(783)	(762)	(1,500)
Taxation	-	-	-
Loss for the period	(783)	(762)	(1,500)
Other comprehensive income			
Exchange translation on foreign operations	13	(4)	14
Other comprehensive (loss)/income for the period, net of tax	13	(4)	14
Total comprehensive loss for the period	(770)	(766)	(1,486)
Loss attributable to:			
Owners of the Company	(747)	(727)	(1,428)
Non-controlling interests	(36)	(35)	(72)
Loss for the year	(783)	(762)	(1,500)
Total comprehensive loss attributable to:			
Owners of the Company	(734)	(732)	(1,414)
Non-controlling interests	(36)	(34)	(72)
Total comprehensive loss for the year	(770)	(766)	(1,486)
Loss per share – continuing operations			
Basic loss per share (pence)	(0.116)	(0.137)	(0.251)
Diluted loss per share (pence)	(0.116)	(0.137)	(0.251)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Notes	31-ar-13 (unaudited) £'000	31-Mar-12 (unaudited) £'000	30-Sep-12 (audited) £'000
Assets				
Non-current assets				
Intangible assets	**7**	4,566	2,792	3,160
Property, plant and equipment	**8**	90	27	36
		4,656	2,819	3,196
Current assets				

Trade and other receivables	**9**	70	112	76
Cash and cash equivalents		1,415	689	127
		1,485	801	203
Total assets		6,141	3,620	3,399
Equity				
Equity attributable to owners of the Company				
Share capital	**10**	3,826	2,945	3,049
Share premium	**10**	4,113	2,008	2,369
Reserves		164	38	95
Retained deficit		(2,999)	(1,551)	(2,252)
		5,104	3,440	3,261
Non-controlling interests		(158)	(84)	(122)
Total equity		4,946	3,356	3,139
Liabilities				
Current liabilities				
Trade and other payables	**12**	1,195	264	260
		1,195	264	260
Total liabilities		1,195	264	260
Total equity and liabilities		6,141	3,620	3,399

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2012

	Total attributable to owners of the Company									
	Share capital £'000	**Share premium £'000**	**Share option reserve £'000**	**Foreign exchange reserve £'000**	**Accumulated losses £'000**		**Total £'000**		**Non-controlling interests £'000**	**Total equity £'000**
Balance at 1 October 2011 (audited)	2,598	1,922	13	18		(824)	3,727		(50)	3,677
Total comprehensive income for the period										
Loss for the period	-	-	-	-		(727)	(727)		(35)	(762)
Total other comprehensive income	-	-	-	(5)		-	(5)		1	(4)
Total comprehensive loss for the period	-	-	-	(5)		(727)	(732)		(34)	(766)
Transactions with owners of the Company recognised directly in equity										
Issue of ordinary shares related to business combinations	333	-	-	-		-	333		-	333
Issue of ordinary shares	14	86	-	-		-	100		-	100
Share based payment transactions	-	-	12	-		-	12		-	12

Total contributions by and distributions to owners of the Company	347	86	12	-		-	445		-	445
Balance at 31 March 2012 (unaudited)	2,945	2,008	25	13		(1,551)	3,440		(84)	3,356

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

		Total attributable to owners of the Company						
	Share capital £'000	**Share premium £'000**	**Share option reserve £'000**	**Foreign exchange reserve £'000**	**Accumulated losses £'000**	**Total £'000**	**Non-controlling interests £'000**	**Total equity £'000**
Balance at 1 April 2012 (unaudited)	2,945	2,008	25	13	(1,551)	3,440	(84)	3,356
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(701)	(701)	(38)	(739)
Total other comprehensive income	-	-	-	19	-	19	-	19
Total comprehensive loss for the period	-	-	-	19	(701)	(682)	(38)	(720)
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary shares	104	374	-	-	-	478	-	478
Floatation costs	-	(13)	-	-	-	(13)	-	(13)
Share based payment transactions	-	-	38	-	-	38	-	38
Total contributions by and distributions to owners of the Company	104	361	38	-	-	503	-	503
Balance at 30 September 2012 (audited)	3,049	2,369	63	32	(2,252)	3,261	(122)	3,139

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 31 MARCH 2013

	Share capital £'000	Share premium £'000	Share option reserve £'000	Foreign exchange reserve £'000	Accumulated losses £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 October 2012 (audited)	3,049	2,369	63	32	(2,252)	3,261	(122)	3,139
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(747)	(747)	(36)	(783)
Total other comprehensive income	-	-	-	13	-	13	-	13
Total comprehensive loss for the period	-	-	-	13	(747)	(734)	(36)	(770)
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary shares	777	1,838	-	-	-	2,615	-	2,615
Issue costs	-	(94)				(94)		(94)
Share based payment transactions	-	-	56	-	-	56	-	56
Total contributions by and distributions to owners of the Company	777	1,744	56	-	-	2,577	-	2,577
Balance at 31 March 2013 (unaudited)	3,826	4,113	119	45	(2,999)	5,104	(158)	4,946

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2013

	31-Mar-13 (unaudited) £'000	31-Mar-12 (unaudited) £'000	30-Sep-12 (audited) £'000
Cash flows from operating activities			
Loss for the period	(783)	(762)	(1,500)
Adjustments for:			
Depreciation	7	6	14
Discount on acquisition	-	(11)	-
Foreign exchange differences	10	28	89
Impairment losses on investments	-	76	-
Net finance (income)/costs	-	(21)	-
Equity-settled share-based payment transactions	56	12	50
	(710)	(672)	(1,347)
Changes in:			
- trade and other receivables	6	39	81

- trade and other payables	(65)	49	140
Cash used in operating activities	(769)	(584)	(1,126)
Interest paid	-	-	-
Net cash used in operating activities	(769)	(584)	(1,126)
Cash flows from investing activities			
Interest received	-	21	-
Payments for property, plant and equipment	(62)	(12)	(27)
Exploration expenditure	(402)	(299)	(844)
Investment in associate undertaking	-	(76)	-
Net cash used in investing activities	(464)	(366)	(871)
Cash flows from financing activities			
Proceeds from issue of share capital	2,521	-	465
Loans	-	-	-
Net cash flows from financing activities	2,521	-	465
Net (decrease)/increase in cash and cash equivalents	1,288	(950)	(1,532)
Cash and cash equivalents at beginning of period	127	1,683	1,683
Effect of foreign exchange rate changes	-	(44)	(24)
Cash and cash equivalents at end of period	1,415	689	127

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2013

1. Reporting entity

Ferrex plc (the "Company") is a company domiciled in England and Wales. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The Group primarily is involved in the exploration of iron ore and manganese in Africa.

2. Basis of preparation

(a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last annual consolidated financial statements as at and for the year ended 30 September 2012. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

This condensed consolidated interim financial report was approved by the Board of Directors on 11 June 2013.

(b) Judgements and estimates

Preparing the interim financial report requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2012.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2012.

4. Financial instruments

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2012.

5. Segment information

The Group considers that it operates in two distinct business areas, being that of iron ore exploration, and that of manganese exploration. These business areas form the basis of the Group's operating segments. For each segment, the Group's Managing Director (the chief operating decision maker) reviews internal management reports on at least a quarterly basis.

Other operations relate to the group's administrative functions conducted at its head office and by its intermediate holding company together with consolidation adjustments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment results are used to measure performance as management believes such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

For the six months ended 31 March 2013 (unaudited)

	Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(131)	(75)	(577)	(783)
Segment assets	815	626	4,700	6,141

For the six months ended 31 March 2012 (unaudited)

	Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(83)	(91)	(588)	(762)
Segment assets	438	99	3,083	3,620

For the twelve months ended 30 September 2012 (audited)

	Iron Ore £'000	**Manganese £'000**	**Other Segments £'000**	**Total £'000**
Total Revenues	-	-	-	-
Loss before tax	(180)	(203)	(1,117)	(1,500)
Segment assets	533	405	2,461	3,399

Information about geographical segments:

For the six months ended 31 March 2013 (unaudited)

	Gabon £'000	**South Africa £'000**	**Togo £'000**	**Other Segments £'000**	**Total £'000**
Total Revenues	-	-	-	-	-
Loss before tax	(77)	(64)	(65)	(577)	(783)
Segment assets	152	745	544	4,700	6,141

For the six months ended 31 March 2012 (unaudited)

	South Africa £'000	**Togo £'000**	**Other Segments £'000**	**Total £'000**
Total Revenues	-	-	-	-
Loss before tax	(543)	(90)	(588)	(762)
Segment assets	447	89	3,084	3,620

For the twelve months ended 30 September 2012 (audited)

	South Africa £'000	Togo £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(185)	(198)	(1,117)	(1,500)
Segment assets	572	366	2,461	3,399

6. Seasonality of operations

The Group is not considered to be subject to seasonal fluctuations.

7. Intangible assets

	6 months 31 Mar 13 (unaudited) £'000	6 months 31 Mar 12 (unaudited) £'000	12 months 30 Sep 12 (audited) £'000
Cost			
Balance at beginning of period	3,160	1,925	1,925
Additions	1,402	867	1,277
Effect of movement in exchange rates	4	-	(42)
Balance at end of period	4,566	2,792	3,160
Impairment losses			
Balance at beginning and end of periods	-	-	-
Carrying amounts			
Balance at end of period	4,566	2,792	3,160
Balance at beginning of period	3,160	1,925	1,925

Intangible assets comprise the fair value of mineral exploration rights acquired and the cost of explorations studies.

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 March 2013 the Group acquired assets with a cost of £62,000 (six months ended 31 March 2012: £12,000, twelve months ended 30 September 2012: £28,000).

No asset disposals occurred during the interim period (six months ended 31 March 2012: £nil, twelve months ended 30 September 2012: £nil).

9. Trade and other receivables

	31-Mar-13 (unaudited)	31-Mar-12 (unaudited)	30-Sep-12 (audited)
Other receivables	70	84	50
Prepayments	-	28	26
	70	112	76

Trade receivables and other receivables are stated at their nominal values less allowances for non recoverability.

10. Share capital and reserves

Issues of ordinary shares
On 9 October 2012, 20,000,001 ordinary shares were issued for cash at a price of £0.0225 per ordinary share.

On 13 February 2013, 135,312,500 ordinary shares were issued for cash at a price of £0.016 per ordinary share.

The numbers stated are shown after the forfeiture of certain shares in January 2013.

Dividends
No dividends were declared or paid in the six months ended 31 March 2013 (period ended 31 March 2012: £nil, year ended 30 September 2012: £nil).

11. Share options and warrants

The Company operates a share option programme that entitles key management personnel to purchase shares in the Company. The terms and conditions of the share option programme are disclosed in the consolidated financial statements as at and for the year ended 30 September 2012.

As a result of the share issue on 9 October 2012, the Company granted a further 10,000,000 warrants at a weighted average exercise price of £0.035 per ordinary share. These warrants became exercisable immediately and can be exercised up to 9 October 2012.

The numbers stated are shown after the forfeiture of certain warrants in January 2013.

12. Trade and other payables

	31-Mar-13 (unaudited)	31-Mar-12 (unaudited)	30-Sep-12 (audited)
Trade payables	162	155	191
Accruals	26	109	66
Other payables	1,007	-	3
	1,195	264	260

There is no material difference between the fair value of trade and other payables and their book value.

Under an agreement dated 11 January 2013 the Group acquired 17% of the issued share capital of Ressources Equatoriale SARL for a consideration of £1,000,000, to be settled by the issue of 40,000,000 ordinary shares at £0.025 per share. These shares were issued on 3 May 2013.

13. Investment in subsidiaries

On 4 December 2012 the Group secured an interest of 65% in Ressources Equatoriale SARL, a Gabonese company that holds the Mebaga exploration right in Gabon. On 11 January 2013 an agreement was entered into to acquire an additional interest of 17%, increasing the Group's interest to 82%.

14. Relates parties

Parent and ultimate controlling party
The Directors do not consider there to be an ultimate controlling party.

Transactions with key management personnel During the six months ended 31 March 2013 the Group paid professional fees to MSP Secretaries Limited, a company of which B M Moritz was a director until 23 March 2013, in relation to accounting services provided, totalling £5,300.

In addition, during the six months ended 31 March 2013 the Group paid professional fees to Share Registrars Limited, a subsidiary of MSP Secretaries Limited, in relation to the maintenance of the Company's share register, totalling £7,253.

D Reeves advanced £150,000 to the company on 18 December 2012 at a net rate of 7.5% per annum. The loan was repaid by the company on 18 February 2013 and interest of £1,910 was paid. J Carter advanced £97,020 to the company on 17 January 2013 at a net rate of 7.5% per annum. The loan was repaid by the company on 18 February 2013 and interest of £638 was paid.

The following directors subscribed for additional shares under the placing approved on 12 February 2013:

D Reeves	9,375,000 shares
B Moritz	1,250,000 shares
R Lamming	937,500 shares
R Pitchford	937,500 shares

R Pitchford's subscription was on the basis that the subscription due was to be recovered from the net payments due to him as director's remuneration. Subsequent to 31 March 2013 the whole subscription has been paid in cash.

15. Subsequent event

On 3 May 2013 40,000,000 were issued in exchange for the purchase of an additional 17% of Ressources Equatoriale SARL at a price of £0.025 per ordinary share.

****ENDS****