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

2 June 2014

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-intensive iron ore and manganese deposits in Africa through the development cycle and into production, is pleased to announce its interim results for the six month ended 31 March 2014.

Overview:

- Solid progress made in exploring and developing Ferrex's three core low capex iron ore and manganese projects in Africa which have excellent access to infrastructure and ports
- Milestones achieved at Mebaga DSO iron ore project in mineral rich Gabon, West Africa with an exploration target of 90-150 million tonnes ("Mt") at 35 to 65 % iron ('Fe'):
    - Binding Term Sheet with Anglo American Plc ('Anglo American') and Kumba Iron Ore (Pty) Limited ('Kumba'), signed in December 2013, to fund exploration including a scoping study
    - Total of 9 diamond drill holes drilled, with a best intercept of 28.7m at 61.4% iron from surface – all 9 holes intercepted DSO mineralisation
    - Completion of geological mapping evaluating 19km strike length of banded iron formation ('BIF') **-** identified new high grade iron ore mineralisation area in the eastern half of the Mebaga licence
- Definitive Feasibility Study ('DFS') ongoing at Nayega manganese ('Mn') project in northern Togo – due for completion pending the issue of a Mining Licence, the application for which has been submitted
- Progress made with development of the Malelane iron ore project in South Africa - upgraded Exploration Target to 1.6 to 2.0 billion tonnes ('Bt') and Pre-Feasibility Study ('PFS') work on environmental, social and labour studies currently underway
- Strengthened cash position through £700,000 placing in October 2013 and £1.655million in March 2014
- Directors aligned with shareholders through significant investment in the Company – March 2014 Managing Director Dave Reeves completed a directors dealing and has a beneficial interest in 117,327,876 Ordinary Shares in Ferrex representing approximately 12.6% of the Company

Chairman's Statement

During the six months under review Ferrex has made progress in advancing its multi-project portfolio of iron ore and manganese assets in Africa up the development curve. Our goal is to bring our projects into production as rapidly as possible to allow Ferrex to become a low-cost producer of minerals for the steel industry and start to generate revenues. Our core portfolio consists of quality projects close to infrastructure, and we believe that these assets offer significant growth potential for investors over the coming year and beyond as the Company advances them and completes key corporate transactions to provide finance for full-scale exploration and development.

Mebaga DSO Iron Ore, Gabon – 82%

Mebaga has been subject to substantial advancement during the previous six months. We announced a potentially transformational binding term sheet with Anglo American and Kumba, a leading supplier of iron ore and member of the Anglo American group, in December 2013. When completed, the transaction will see these major mining groups fund the exploration and complete a scoping study of Mebaga and surrounding areas over a period of up to two years. To have secured an agreement with these major mining houses naturally reinforces the Company's confidence in Mebaga as a leading DSO iron ore project in West Africa, and of Gabon as a desirable mining investment destination. Mebaga will benefit from leading technical expertise whilst maximising the work undertaken, providing us with access to the significant value accretion whilst minimising exposure to exploration expenditure.

Since December 2013, Mebaga has been assessed by Anglo American's and Kumba's due diligence teams. In tandem, the proposed transaction with Anglo American and Kumba has now received approval from the Gabon Ministry of Mines and Ministry of Economy. We are now waiting for the outcome of the due diligence process and subsequent required corporate approvals to be given and we look forward to making further updates in due course as we move towards completion.

Mebaga is located in the north of Gabon within an extensive iron ore province, which extends from Gabon into the Republic of Congo ('ROC') and Cameroon. Iron ore mineralisation in the district is hosted in Archean Banded Iron Formation ('BIF') horizons belonging to the Belinga Supergroup. Major deposits in the region include Belinga in Gabon (1Bt at 60% Fe); Mbalam in Cameroon (775Mt at 57% Fe) and Avima in the ROC (690Mt at 58% Fe). Notably Mebaga has significant value uplift potential, highlighted by the Exploration Target of 90 to 150Mt at 35 to 65% Fe and 550Mt to 900Mt at 25% to 40% Fe defined over an 12km strike length of a total 19km strike identified to date.

Having only acquired the project in January 2013, we rapidly initiated a preliminary drill programme in Q3/Q4 2013. A total of 9 diamond holes were drilled for 581m in 2013. Holes were drilled along four-section lines oriented perpendicular to the strike of underlying BIF over a strike length of about 800m. All nine holes intersected DSO grade mineralisation, with a best intercept of 28.7m at 61.4% Fe from surface in NGDH008. Mineralisation is open both along strike and at depth.

Additionally, in order to broaden our knowledge of the wider 19km strike length of BIF at Mebaga, ahead of completion of the transaction with Anglo American and Kumba, the Company completed geological mapping of the area. This successfully identified high grade iron ore mineralisation in the eastern half of the licence, 7km east of the area drilled by Ferrex in 2013 and 3km east of the easternmost BRGM historical pit P72. Rock chips were taken and submitted for assay with a highest grade of 63.6% Fe returned from this programme. This data has been used to design another drill programme to be undertaken H2 2014. The additional drilling, which will be undertaken as part of Anglo American's work programme, will also provide a base to commence a Scoping Study.

Nayega Manganese, Togo – 85%

Nayega is a 92,390Ha Mn Project in northern Togo, held through Societe Generale de Mines. The majority of a DFS has been completed, underpinning our belief that the project, which has direct access to the regionally important deep water port of Lome, has the potential to provide cashflow for the Group through the rapid development of a low-capex, open pit, 250,000tpa Mn operation.

As well as its close proximity to infrastructure, the deposit has a range of geological qualities which underpin this confidence and positively affect the capital and operating costs for developing an operation of this kind. These include the shallow nature of the mineralisation, which starts from surface and only extends to 10m deep meaning that it is amenable to be developed as a shallow open pit operation with no waste stripping required. The easily beneficiable nature of the ore is also positive and we have proven that a marketable 38% manganese product can be produced via a low cost process of screening and gravity concentration. Taking all this into account, studies to date have highlighted that a low capital expenditure of US$15 million and cash operating costs of US$2/Dry Metric Tonne Unit ('DMTU') FOB is achievable. Once in production, this scale of operation has excellent payback credentials of just 18 months.

Just before the beginning of the period, we were delighted to announce the upgrade of part of our JORC resource from the Indicated to the Measured category. The Measured Resource totals 2.0Mt at 17.1% Mn, enough to cover the first three years of proposed mine life, and the total resource for Nayega now stands at 11.0Mt at 13.1% Mn, all in the Indicated and Measured categories. Exploration outside of the resource area has defined additional targets, which have the potential to increase the size of the Mn resource.

This work was conducted as part of the DFS, which is very near to being completed at Nayega. The outstanding requirement is the issue of a mining permit, for which an application was submitted in October 2012, and the Board is continuing its positive discussions with the Togolese authorities to complete the process.

In terms of Nayega's future development, we are actively pursuing strategic alliances, off-take and JV opportunities to de-risk the project's future path.

Malelane Iron Ore, South Africa – 74%

Malelane covers a 4,192 hectare area in the mineral rich Mpumalanga region of South Africa. A Scoping Study was completed by Ferrex in 2012 which demonstrated the positive economics of developing Malelane as an initial 1.8Mtpa open pit, low strip ratio operation with a 57% Fe product over a 16.6 year LOM. At these rates, the project has a NPV of US$523m and an IRR of 72%, with a capital cost of US$139m and capital intensity of US$77/t, which places it in the lowest quartile for capital intensity of new iron ore projects globally.

The JORC Code compliant Inferred Resource of 139Mt at 37% Fe, on which the Scoping Study was based, is only defined over 1.1km of the 14km BIF strike identified within the project area. The Exploration Target for Malelane totals 1.6bt to 2.0bt at 28-30% Fe, highlighting the expansive nature of this deposit, although in line with our business model, we are predominantly focussed on developing a section of the deposit, to demonstrate its commerciality and fast track cashflows to the company.

A PFS will be required next and with this in mind, we will undertake further drilling at Malelane to upgrade the current resource. Environmental, social and labour studies are currently underway ahead of the Company's mining licence application. The results from these studies will be fed into Ferrex's PFS at the project.

Importantly, the project is located in an area that has excellent infrastructure, access to water and power and just 6km from a reliable rail line that runs to the Port of Maputo in Mozambique 170 km away. Proximity to existing, reliable infrastructure is imperative for developing a bulk commodity project.

Leinster South Africa – 74%

The 47,004-hectare Leinster project is our second Mn project, located in the Northern Cape and North West Provinces of South Africa. The project covers the entire Leinster Basin, an erosional outlier of the Kalahari Mn field, which is the largest Mn metallogenic province in the world.

The Leinster deposit lies at an average depth of 80m below surface and is envisaged as an underground operation with ore trucked or railed to port for the export market. Anglo American, who drilled 51 holes on the Leinster property between 1977 and 1988, previously held the property. 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.

Our understanding of the sub-surface geology at Leinster was significantly enhanced in late 2012 through the acquisition, processing and interpretation of high-resolution airborne magnetic/radiometric data. As a direct result of this work, possible (previously unrecognised) occurrences of Hotazel Formation was identified and additional licence applications were submitted over these areas.

Financial Review

The Group is not yet in production and so has no income other than a small amount of bank interest. Consequently the Group is not expected to report profits until it disposes of or is able to profitably develop projects.

The loss before and after tax for the six months ended 31 March 2013 was £857,000.

As at 31 March 2014 the Group had cash of £0.93. In March 2014 £1.66 million was raised before costs. Of the total raised £0.45m is subject to the equity Swap entered into with Yorkville and will be received in instalments over the period June 2014 to May 2015 (subject to the Company's share price performance). A further £0.14 million of the March raising was received in April 2014. These two amounts were classified as receivables in the March 2014 Balance Sheet.

During the period, we raised £0.70 million by way of a placing in December 2013. In March 2014 we raised £1.66 million (before costs) through the issue of 92.5 million ordinary shares in the Company. The raising in March included an issue of 86.5 million new ordinary shares issued to YA Global Master SPV Ltd ('YAGM') for a total of £1.55 million, with the balance of 6.0 million shares placed by the Company raising £0.11 million. Included in this total, YAGM placed 36,500,000 of these shares with a select group of entities. Separately the Company and YAGM entered into an equity swap agreement for £0.45m over the balance of 50.0 million shares that were issued to YAGM. Further details of the raising in March and equity SWAP with YAGM can be found in the announcement made to the market on 24 March 2014.

Outlook

While there may have been a number of factors which have delayed our management team from advancing our assets as swiftly as planned, we are working actively to resolve these, such as the granting of the Mining Licence in Togo and completion of Mebaga transaction. Ferrex is a resource company managed by resource investors, and, as demonstrated by our CEO's recent significant share purchase, we are largely aligned with shareholders and heavily incentivised to progress the Company.

Our investment case remains strong, with three advanced development projects near to infrastructure, visible and low capex paths to production, quality resources, and interest from majors to allow us to develop while minimising expenditure. Plans for the next stage of development at each of our projects are underway and we are poised to deliver operationally over the coming months. Corporate transactions to unlock the value of our projects are also being progressed and we look forward to updating shareholders in due course.

I would like to thank investors for their support during the year and look forward to the coming six months with anticipation.

Chairman
Brian Moritz

For further information please the Company's website please visit www.ferrexplc.com or contact the following:

Dave Reeves	Ferrex plc	+ 61 (0) 420 372 740
finnCap		+44 (0)20 7220 0500
Elizabeth Johnson / Joanna Weaving	Broking	
Matthew Robinson / Ben Thompson	Corporate Finance	
Felicity Edwards/ Elisabeth Cowell	St Brides Media and Finance Ltd	+44 (0) 20 7236 1177

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2014

	31-Mar-14 (unaudited) £'000	31-Mar-13 (unaudited) £'000	30-Sep-13 (audited) £'000
Continuing operations			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Administrative and exploration expenses	(745)	(783)	(1,674)
Loss from operating activities	(745)	(783)	(1,674)

Finance income	-	-	-
Finance costs	-	-	-
Net finance income/(costs)	-	-	-
Extraordinary gain on acquisition	-	-	-
Loss before taxation	(745)	(783)	(1,674)
Taxation	-	-	-
Loss for the period	(745)	(783)	(1,674)
Other comprehensive income			
Exchange translation on foreign operations	(112)	13	55
Other comprehensive (loss)/income for the period, net of tax	(112)	13	55
Total comprehensive loss for the period	(857)	(770)	(1,619)
Loss attributable to:			
Owners of the Company	(707)	(747)	(1,555)
Non-controlling interests	(38)	(36)	(119)
Loss for the year	(745)	(783)	(1,674)
Total comprehensive loss attributable to:			
Owners of the Company	(819)	(734)	(1,500)
Non-controlling interests	(38)	(36)	(119)
Total comprehensive loss for the year	(857)	(770)	(1,619)
Loss per share – continuing operations			
Basic loss per share (pence)	(0.085)	(0.116)	(0.213)
Diluted loss per share (pence)	(0.085)	(0.116)	(0.213)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Notes	31-Mar-14 (unaudited) £'000	31-Mar-13 (unaudited) £'000	30-Sep-13 (audited) £'000
Assets				
Non-current assets				
Intangible assets	7	5,218	4,566	5,022
Property, plant and equipment	8	84	90	92
Trade and other receivables	9	75	-	-
		5,377	4,656	5,114
Current assets				
Trade and other receivables	9	579	70	83
Cash and cash equivalents		927	1,415	226
		1,506	1,485	309
Total assets		6,883	6,141	5,423

Equity				
Equity attributable to owners of the Company				
Share capital	10	4,669	3,826	4,026
Share premium	10	6,439	4,113	4,912
Reserves		177	164	262
Retained deficit		(4,514)	(2,999)	(3,807)
		6,771	5,104	5,393
Non-controlling interests		(279)	(158)	(241)
Total equity		6,492	4,946	5,152
Liabilities				
Current liabilities				
Trade and other payables	12	391	1,195	271
		391	1,195	271
Total liabilities		391	1,195	271
Total equity and liabilities		6,883	6,141	5,423

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

	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 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

	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 2013 (unaudited)	3,826	4,113	119	45	(2,999)	5,104	(158)	4,946
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(808)	(808)	(83)	(891)
Total other comprehensive	-	-	-	42	-	42	-	42

income								
Total comprehensive loss for the period	-	-	-	42	(808)	(766)	(83)	(849)
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary shares	200	800	-	-	-	1,000	-	1,000
Issue costs	-	(1)	-	-	-	(1)	-	(1)
Share based payment transactions	-	-	56	-	-	56	-	56
Total contributions by and distributions to owners of the Company	200	799	56	-	-	1,055	-	1,055
Balance at 30 September 2013 (audited)	4,026	4,912	175	87	(3,807)	5,393	(241)	5,152

	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 2013 (audited)	4,026	4,912	175	87	(3,807)	5,393	(241)	5,152
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(707)	(707)	(38)	(745)
Total other comprehensive income	-	-	-	(112)	-	(112)	-	(112)
Total comprehensive loss for the period	-	-	-	(112)	(707)	(819)	(38)	(857)
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary shares	643	1,726	-	-	-	2,369	-	2,369
Issue costs	-	(199)	-	-	-	(199)	-	(199)
Share based payment transactions	-	-	27	-	-	27	-	27
Total contributions by and distributions to owners of the Company	643	1,527	27	-	-	2,197	-	2,197
Balance at 31 March 2014 (unaudited)	4,669	6,439	202	(25)	(4,514)	6,771	(279)	6,492

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 MARCH 2014

	31-Mar-14 (unaudited) £'000	31-Mar-13 (unaudited) £'000	30-Sep-13 (audited) £'000
Cash flows from operating activities			
Loss for the period	(745)	(783)	(1,674)
Adjustments for:			
Depreciation	9	7	31
Foreign exchange differences	(64)	10	134

Net finance (income)/costs	-	-	-
Equity-settled share-based payment transactions	27	56	112
	(773)	(710)	(1,397)
Changes in:			
- trade and other receivables	(571)	6	(7)
- trade and other payables	120	(65)	11
Cash used in operating activities	(1,224)	(769)	(1,393)
Interest paid	-	-	-
Net cash used in operating activities	(1,224)	(769)	(1,393)
Cash flows from investing activities			
Interest received	-	-	-
Payments for property, plant and equipment	(6)	(62)	(88)
Exploration expenditure	(239)	(402)	(940)
Investment in associate undertaking	-	-	-
Net cash used in investing activities	(245)	(464)	(1,028)
Cash flows from financing activities			
Net proceeds from issue of share capital	2,170	2,521	2,520
Loans	-	-	-
Net cash flows from financing activities	2,170	2,521	2,520
Net (decrease)/increase in cash and cash equivalents	701	1,288	99
Cash and cash equivalents at beginning of period	226	127	127
Effect of foreign exchange rate changes	-	-	-
Cash and cash equivalents at end of period	927	1,415	226

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2014

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 2014 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 2013. 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 30 May 2014.

(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 2013.

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 2013.

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 2013.

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 2014 (unaudited)

	Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(185)	(84)	(476)	(745)
Segment assets	890	537	5,456	6,883

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

	Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(495)	(193)	(986)	(1,674)
Segment assets	846	727	3,850	5,423

Information about geographical segments:

For the six months ended 31 March 2014 (unaudited)

	South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(36)	(233)	(476)	(745)
Segment assets	641	786	5,456	6,883

For the six months ended 31 March 2013 (unaudited)

	South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(64)	(142)	(577)	(783)
Segment assets	745	696	4,700	6,141

For the twelve months ended 30 September 2013 (audited)

	South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-
Loss before tax	(233)	(455)	(986)	(1,674)
Segment assets	652	921	3,850	5,423

6. Seasonality of operations

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

7. Intangible assets

	6 months 31 Mar 14 (unaudited) £'000	6 months 31 Mar 13 (unaudited) £'000	12 months 30 Sep 13 (audited) £'000
Cost			
Balance at beginning of period	5,022	3,160	3,160
Additions	239	1,402	1,940
Effect of movement in exchange rates	(43)	4	(78)
Balance at end of period	5,218	4,566	5,022
Impairment losses			
Balance at beginning and end of periods	-	-	-
Carrying amounts			
Balance at end of period	5,218	4,566	5,022
Balance at beginning of period	5,022	3,160	3,160

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 2014 the Group acquired assets with a cost of £6,000 (six months ended 31 March 2013: £62,000, twelve months ended 30 September 2013: £88,000).

No asset disposals occurred during the interim period (six months ended 31 March 2013: £nil, twelve months ended 30 September 2013: £nil).

9. Trade and other receivables

	31-Mar-14 (unaudited)	31-Mar-13 (unaudited)	30-Sep-13 (audited)
Non-current other receivables	75	-	-
Other receivables	579	70	45
Prepayments	-	-	38
	654	70	83

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

9. Trade and other receivables (continued)

Non-current and current other receivables include amounts of £75,000 and £375,000 respectively in respect of the equity swap agreement ('the Equity Swap Agreement') entered into on 28 March 2014 with YA Global Master SPV, Ltd ("Yorkville", "YAGM").

As announced on 24 March 2014, the Company and YAGM entered into 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. This could result in the Company receiving more or less than the Initial Swap Funds over the 12 month Swap period depending on share price performance.

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

Other receivables also includes an amount of £144,254 which was received by the Company on the 7 April 2014 pursuant to the subscription agreement entered into with Yorkville on 23 March 2014.

10. Share capital and reserves

Issues of ordinary shares

On 18 December 2013, 36,114,427 ordinary shares were issued for cash at a price of £0.0195 per ordinary share.

On 28 March 2014, 92,500,000 ordinary shares were issued for cash at a price of £0.018 per ordinary share.

Of the shares issued in March 49,999,992 form part of an equity swap agreement.

Dividends

No dividends were declared or paid in the six months ended 31 March 2014 (period ended 31 March 2013: £nil, year ended 30 September 2013: £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 2013.

As a result of the share issue on 18 December 2013, the Company granted a further 18,057,213 warrants at a weighted average exercise price of £0.025 per ordinary share. These warrants became exercisable immediately and can be exercised up to 18 October 2015.

12. Trade and other payables

	31-Mar-14	31-Mar-13	30-Sep-

	(unaudited)	(unaudited)	13 (audited)
Trade payables	111	162	104
Accruals	165	26	112
Other payables	115	1,007	55
	391	1,195	271

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

Other payables of £100,000 relate to loans provided to the Group by D Reeves and B Moritz. These amounts are unsecured and repayable with a £16,667 premium in total.

13. Investment in subsidiaries

On 4 December 2012 the Group secured an interest of 65% in Ressources Equatoriale SARL (‘RE’), a Gabonese company that holds the rights to the Mebaga DSO Iron Ore Project ('Mebaga') in Gabon, West Africa. On 11 January 2013 an agreement was entered into to acquire an additional interest of 17%, increasing the Group’s interest to 82%.

On 19 December 2013 the Company announced that it had signed a binding Term Sheet ('the Agreement') with Anglo American plc ('Anglo American') and Kumba Iron Ore (Pty) Ltd ('Kumba'), a member of the Anglo American group, to advance Mebaga. The Term Sheet outlined a transaction whereby Anglo American and Kumba will fund the exploration of Mebaga and surrounding areas over a period of up to two years and includes a provision to refund Ferrex for the majority of the exploration spend to date. The term sheet also allows Anglo American and Kumba to move to 100% ownership of the Project at its election via a purchase arrangement at valuation, or alternatively for Ferrex to maintain 100% ownership of Mebaga if Anglo American and Kumba do not elect to purchase the project. Exploration will be managed by Anglo American and Kumba which will utilise the existing in-country exploration team of Ferrex. This Agreement was subject to final due diligence, completion of a detailed legal agreement, the approval of all parties' boards and the approval of the Gabonese government.

14. Related parties

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

Transactions with key management personnel

Mr David Reeves, Mr Brian Moritz and Mr Russell Lamming advanced £50,000 each to the Group. Each of these advances is interest free and is repayable with a premium of £8,333. As at 31 March 2014, Mr Lamming had been repaid and the other advances have been treated as current liabilities.

****ENDS****