

31 October 2012

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**SEPTEMBER 2012 QUARTERLY REPORT**

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FeOre Limited (**FeOre** or the **Company**) provides the following commentary for the three months ended 30 September 2012, to be read in conjunction with the Appendix 5B.

**EREENY PROJECT**

The Company has continued with the development of the Ereeny Project with focus placed on the preparation for the planned mine construction for the remaining of the calendar year.

For the quarter ended 30 September 2012, progress has been made on the processing design undertaken by Changsha Research Institute of Mining and Metallurgy Co., Ltd (**Changsha Institute**). Changsha Institute, a leading metallurgic design institute in China and a subsidiary of China Minmetals Incorporation, was engaged to conduct processing facility studies on the samples taken from the 2011 drilling programme. The report has been completed in August 2012.

The report produced was based on a total of 1,649 kg of representative samples taken from borehole core at Ereeny Project. The primary target of the study was to recommend a magnetic processing design for the Ereeny Project with a target iron concentrate product TFe grade greater than 62%, TFe recovery of greater than 75% and mFe recovery of greater than 90%. The Company is pleased to announce that an overall processing design plan has been developed, which forms a sound basis for progressing the project development plans.

The table below reflects the chemical composition of sample products after processing under multi-stage grinding and magnetic separation:

**Table 5: Chemical Composition of Sample Product**

Ore Category*	TFe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)
Primary Ore	65.82	6.5	0.44	0.068	0.087	0.55
Mixed Ore	63.29	8.83	0.73	0.16	0.08	1

Note\*: Samples were separated into Primary Ore, Mixed Ore and Oxidised Ore, Primary Ore is defined where content of mFe/TFe is greater than 85%, Mixed Ore is where content of mFe/TFe is between 85% and 15%, Oxidised Ore is where content of mFe/TFe is less than 15%. Oxidised Ore using only magnetic separation technique was not tested for chemical composition and mineral content as Oxidised Ore constitute less than 5% of the total resource.

The study resulted in an optimised processing design which achieves a concentrate grade of 65.2% for primary ore with a TFe recovery of 89.89%. The concentrate from processing of mixed ore resulted in a TFe of 63.4% with a TFe recovery of 70.58%. Table 6 illustrates the main mineral content in the products after processing.

**Table 6: Main Mineral Content in Concentrate**

Ore Category*	Magnetite (%)	Martite (%)	Limonite (%)	Chlorite, Biotite & Actinolite (%)	Quartz & Others (%)
Primary Ore	90	Trace	-	5	5
Mixed Ore	83	4	1	5	7

The collection of ore samples used in this study, including the sampling plan, execution, transportation and sample categorisation meets industrial requirements; samples were representative in various aspects including spatial distribution, quantity, grade, and mineral composition.

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The processing design plans developed for primary ore and mixed ore are largely similar. A uniform processing design plan applicable to both primary ore and mixed ore will be adopted.

The completion of the processing study represents a significant step towards the development of the Ereeny Project. The results from the report provide the Company with essential information pertaining to the economic value of the project, and indicate characteristics of potential products.

The Company has also engaged MCC Capital Engineering & Research Incorporation Qinhuangdao Co. Ltd (**MCC**), one of the top mine design institutes in China, to perform mine plan design for the Ereeny Project. An initial design incorporating the results from the Changsha Institute has recently been submitted to the management for review.

Other utility-related work has also been on-going including the connection of high voltage electricity between a nearby power station and the mine site.

### **DARTSAGT PROJECT**

During the quarter ended 30 September 2012, certain documentation work has been done while pending on the approval by the relevant Mongolia authority relating to the granting of the mining permit\* for the project. In September 2012, the Company has successfully obtained the mining permit\* for the project.

### **PROJECT FUNDING**

Up to 30 June 2012, the Company has spent a total of US\$3.5 million on project development for the Ereeny Project and has incurred a total amount of US\$0.2 million in the development of the Dartsagt Project. It is anticipated that additional project debt funding will be required for the construction and mine facilities and procurement of the processing equipment.

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**For more information:**

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### **Forward Looking Statements**

This report contains certain forward looking statements which by nature, contain risk and uncertainty because they relate to future events and depend on circumstances that occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

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\* Please refer to Section 7 - 3.1.6 of the FeOre Prospectus 2011 for details on Mining Licences in Mongolia