

30 October 2013

SEPTEMBER 2013 QUARTERLY REPORT

HIGHLIGHTS:

- General Environmental Impact Assessment report was approved and a Detailed Environmental Impact Assessment report was submitted to the relevant authority for approval;
- Installation of the 110kv power line for the Ereeny project is in progress;
- Proposed exploration for the Ereeny project is undergoing external professional review;
- The Mongolian design institute that the Company previously engaged has begun preparing construction drawings for the Ereeny project;
- RungePincockMinarco (**RPM**) was engaged to conduct JORC-standard resource estimation report on the Dartsagt project;
- A draft of the new investment law was presented to the parliament of Mongolia and passed by the State Great Khural on 3 October 2013.

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FeOre Limited (**FeOre** or the **Company**) provides the following commentary for the three months ended 30 September 2013.

EREENY PROJECT

General Environmental Impact Assessment Report

Following the approval of the Mongolia standard Feasibility Study (**FS**) for the Ereeny project, a General Environmental Impact Assessment (**GEIA**) report was released to the Company by the Ministry of Environment and Green Development (**MEGD**) in July 2013 to provide the framework and guidelines on the compilation of a Detailed Environmental Impact Assessment (**DEIA**) report. The GEIA report explains the rationale behind the DEIA report and the amount of work that needs to be done to mitigate impact on the environment surrounding project area. The DEIA report was completed and submitted to the relevant authority in July 2013.

High Voltage Power Line Construction

The Company previously engaged a local Mongolian contractor to construct the 110kv high-voltage power connection between the power station at Choir and the Ereeny project location. The first 30 pylons of the power line have been installed. Upon completion of the construction, the Company will proceed with the installation of a corresponding sub-station.

Further Exploration Plan

Further to the geophysical survey previously conducted within the Ereeny project licensed area, the Company has developed a exploration plan which is currently being reviewed by external professional advisors.

Construction Drawings

The Mongolian design institute that the Company engaged has begun the preparation of Mongolian-standard construction drawings. Upon completion of the first part of the drawing, it will be submitted to the relevant authority for approval. Construction will begin once plans and drawings are approved.

DARTSAGT PROJECT

The Company engaged RungePincockMinarco (**RPM**) to conduct JORC-standard resource estimation report for the Dartsagt project. Two geological engineers from RPM visited the Dartsagt project site in late September and took samples from both the site and the core-trays. They are currently assaying the samples to prepare the JORC-standard report for the Dartsagt project.

UPDATES ON INVESTMENT ENVIRONMENT IN MONGOLIA

A new draft of the investment law was presented to the parliament and passed by the State Great Khural on 3 October 2013. According to legal advices, the new investment law will come to effect on 1 November 2013 providing the President of Mongolia does not exercise his veto right before 1 November 2013. The new law regulates both foreign and domestic investment and includes more progressive regulations than the Law on Foreign Investment and Law on the Regulation of Foreign Investment in Business Entity Operating in Sectors of Strategic Importance (**SFIL**) of Mongolia. The conception of the law intends to encourage and support investors' business through providing stabilization, promoting on the tax issues, entering into investment agreements, etc.

PROJECT FUNDING

Up to 30 September 2013, the Company has spent approximately US\$4.5 million on project development for the Ereeny Project and US\$0.2 million for the development of the Dartsagt Project.

Additional project financing is required for the development of the projects. Management has undertaken significant efforts to explore various sources of project financing. Despite the challenging market environment, the Board and management are promptly assessing and seeking possible source of funding for the company's further development. The project development schedule has been delayed and the timing to production will depend on the success of the fundraising plan. The Company will continue to evaluate potential financial solutions to maximize return for shareholders, and will update the market as required.

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For more information:

FeOre Limited



Tim Sun

Chairman

Tel: +852 3960 6518

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 will 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.

Certain statements made herein, including statements relating to matters that are not historical facts and statements of FeOre's beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable legislation and "forward-looking statements" within the meaning of applicable provisions. Forward-looking information and statements relate to future events or future performance, reflect current expectations or beliefs regarding future events and are typically identified by words such as "anticipate," "could," "should," "expect," "seek," "may," "intend," "likely," "plan," "estimate," "will," "believe" and similar expressions suggesting future outcomes or statements regarding an outlook.

Forward-looking statements and information are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements or information. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate, including the price of iron ore, anticipated costs and ability to achieve goals, as well as the timing of the completion of any fund-raising activities. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements and information include, among others, iron ore price volatility, discrepancies between actual and estimated production, mineral reserves and resources, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities, currency fluctuations, the speculative nature of iron ore exploration, the global economic climate, dilution, share price volatility,



competition, loss of key employees, funding requirements and defective title to mineral claims or property. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

All such forward-looking information and statements are based on certain assumptions and analyses made by FeOre's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements. Such factors include, among other things, the political risks associated with FeOre's principal operations in Mongolia; the impact of changes in, changes in interpretation to or changes in enforcement of, laws, regulations and government practices in the jurisdictions in which FeOre operates; and changes in the attitudes of the Mongolian government.

Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Risk Management" and "Project Funding" included in the issuer's Quarterly Report. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, including the assumption in many forward-looking information or statements that other such information or statements will be correct. The reader is cautioned not to place undue reliance on forward-looking information or statements. All forward-looking information and statements herein are made as of the date hereof. FeOre does not intend or undertake to update or revise forward-looking statements or information, whether written or oral or whether as a result of new information, future events or otherwise, that may be made by FeOre or on its behalf, except as required by law.