

23 April 2014

MARCH 2014 QUARTERLY REPORT

HIGHLIGHTS:

- Special General Meeting concerning the Transaction and the Buy-back scheduled to take place on 25 April 2014;
- Conditional waiver and consent obtained from the holders of Convertible Bonds regarding the execution and performance of the Agreement;
- Additional living-use power substations installed for the Ereeny Project;
- Water usage agreement entered into between Taisheng and the relevant authority;
- Outbreak of Hand, Foot and Mouth disease in soums near where the Company's projects are located.

FeOre Limited (**FeOre** or the **Company**) provides the following commentary for the three months ended 31 March 2014.

CONDITIONAL SHARE PURCHASE AGREEMENT

In January 2014, the Company has entered a conditional sale agreement with China Energy (Cayman) Limited (the **"Purchaser"**) in relation to its interest in Topone Star Investments Limited (the **"Agreement"** or the **"Transaction"**). The total consideration for the sale is US\$56.7 million, including a conditional final deferred payment of US\$5.67 million.

During the quarter under review, the Company has assisted the Purchaser in performing due diligence work, including but not limited to:

- additional twin-holes verification drilling;
- sample collection and assaying performed by professional international assaying company;
- independent technical report on the projects; and
- independent audit on the Company and its subsidiaries;

Please refer to the Company's announcement dated 22 January 2014 and the notice of special general meeting lodged with the ASX on 4 April 2014 for further details.

CONDITIONAL WAIVER AND CONSENT OBTAINED FROM THE HOLDERS OF CONVERTIBLE BONDS

During the quarter under review, the Company has negotiated and obtained a conditional waiver from holders of Convertible Bonds for the execution and the performance of the Agreement and waiver of the 15% annual rate (the **"Letter of Waiver"**), subject to satisfying certain conditions which are customary. These include, among others, the Company's undertaking to apply the proceeds from the Transaction to complete the repurchase the Convertible Bonds, which shall take place on or before 30 April 2014 (or such other date as the parties agree).

EREENY PROJECT

Installation of Additional Substations for 35KV/1,250KVA Power Supply

In April 2014, the Company has completed the installation of additional two substations for the 35KV / 1,250 KVA power supply for the Ereeny Project and has been approved by the relevant authority.

The two additional substations, together with the previously installed substation designed by a Mongolian design Institute, are to provide various power supply interfaces for the 35kv/1,250kva power supply for mine development, workshops and living quarters.



Water Usage Agreement

In April 2014, Taisheng Development LLC, the Company's Mongolian subsidiary, has entered into a water usage agreement with the Ministry of Environment and Green Development on the Jargalant tenement, which is approximately 25 kilometers from the Ereeny Project location. The agreement secures the needed water for the annual production of 1 million tonnes to 1.2 million tonnes of iron concentrate for the Ereeny Project (which depends on the actual production volume and the actual water usage at the time of production).

Outbreak of Hand, Foot and Mouth Disease

During the quarter under review, the Company noted that there has been an outbreak of hand, foot and mouth disease at the Dalanjargalan Soum of Dornogobi Province, where the Dartsagt Project is located. The local

soum has issued notice to the public on precaution and preventive measures against the disease, which includes the instruction to reduce access to the soum and the nearby region.

Bayanjargalan Soum of Dudngobi Province, where the Ereeny Project is located, has also issued a notice to the Company detailing the disease outbreak at the Dalanjargalan Soum and has requested the Company to reduce access to the Bayanjargalan Soum to prevent further spreading of the disease.

MINING AND EXPLORATION TENEMENTS HELD AT THE END OF QUARTER ENDING 31 MARCH 2014

Country	Name of Tenement	Nature	Tenement	Number of Tenements	Holder	Interest
Mongolia	Ereeny	Mining Licence	MV-017028	1	Taisheng	80%
Mongolia	Dartsagt	Mining Licence	MV-017120	1	Taisheng	80%

No Mining or exploration tenements were acquired or disposed of during the quarter.

PROJECT FUNDING

Up to 31 March 2014, the Company has spent a total of approximately US\$5.4 million on project development for the Ereeny Project and the Dartsagt Project.

- Ends -

For more information:

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Forward Looking Statements

This announcement 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 in the issuer's previous Quarterly Reports and Annual Financial Reports. 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.