

28 January 2014

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**DECEMBER 2013 QUARTERLY REPORT**

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**HIGHLIGHTS:**

- Commenced procurement of the power grid material for the construction and installation for the remaining of the transmission line;
- Capacity expansion permit for the living and construction-use power supply was issued by the relevant state-owned power company;
- Detailed Environmental Impact Assessment (**DEIA**) report for the Ereeny Project was approved by the Ministry of Environment and Green Development (**MEGD**) of Mongolia;
- The Company has entered into a conditional share purchase agreement with China Energy (Cayman) Limited in relation to the sale of its interests in Topone Star Investments Limited. For further details please refer to the Company's announcement dated 22 January 2014.

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FeOre Limited (**FeOre** or the **Company**) provides the following commentary for the three months ended 31 December 2013.

## **EREENY PROJECT**

### **Commenced Procurement for the Construction and Installation for the Remaining of the 110kv Power Line**

Construction and installation for the first part of the 53km 110kv power transmission line between the Ereeny Project location and the state-owned power station near Choir was completed last year, and the Company has commenced the procurement of the power grid material for the construction and installation for the remaining of the transmission line. Construction will begin as soon as the weather in Mongolia permits.

### **Capacity Expansion for Living and Construction-use Power Supply**

During the quarter under review, the Company obtained capacity expansion permit from Baganuur, Eastern and Southern Regional Power Distribution Network Company, a Mongolia state owned company, to increase the current 250kva power capacity to up to 1,250kva. The Company is intending to install 2 additional substations with a capacity of 630kva and 315kva respectively. The Company has commenced the procurement of the additional substations early 2014, and is in the process of arranging for the substation together with other ancillary materials to be transported to the Ereeny Project location.

### **Detailed Environmental Impact Assessment Report**

In November 2013, the Company obtained approval for the Detailed Environmental Impact Assessment (**DEIA**) report from the Ministry of Environment and Green Development (**MEGD**) of Mongolia. According to the DEIA approval, the Company is required to update and submit the environmental protection plan annually.

## **DARTSAGT PROJECT**

A Mongolia-standard feasibility study was completed and submitted to Mineral Resource Authority of Mongolia (**MRAM**) for approval during the quarter under review.

## **CONDITIONAL SHARE PURCHASE AGREEMENT**

The Company has entered into a conditional sale purchase agreement with China Energy (Cayman) Limited, an independent private company, for the sale of all of the Company's interest in Topone Star Investments Limited. For further details please refer to the Company's announcement dated 22 January 2014.

**PROJECT FUNDING**

Up to 31 December 2013, the Company has spent a total of approximately US\$4.5 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.

- 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.