



Producing iron ore pellets
for over 30 years

Notice of Annual General Meeting 2012



**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT
AND REQUIRE YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take, you are recommended to seek advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or transferred all of your shares in Ferrexpo plc, please send this document and accompanying Form of Proxy at once either to the purchaser or transferee, or to the person who arranged the sale or transfer, so that they can pass these documents to the person who now holds the shares. If you have sold only part of your holding of Ordinary Shares, you should retain these documents and consult the stockholder, bank or other agent through whom the sale was effected.

J.P. Morgan Cazenove, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting for Ferrexpo plc and no one else in connection with the Proposed Transaction and will not be responsible to anyone other than Ferrexpo plc for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the Proposed Transaction referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by the FSMA or the regulatory regime established thereunder, J.P. Morgan Cazenove accepts no responsibility whatsoever for the contents of this Circular and disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Circular.

FERREXPO plc



(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5432915)

Notice of Annual General Meeting 2012

This document should be read as a whole. Nevertheless, your attention is drawn to the letter from your Chairman set out on pages 6 to 7 of this document which contains a recommendation from the Directors of Ferrexpo plc that you vote in favour of the resolutions to be proposed at the Annual General Meeting referred to below.

Notice of the Annual General Meeting of Ferrexpo plc, to be held at the Intercontinental Hotel, 1 Hamilton Place, Park Lane, London W1J 6QY, is set out on pages 8 to 10 of this document. A Form of Proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to be present at the Annual General Meeting in person, you are asked to complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by Ferrexpo plc's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, by no later than 11.00 a.m. on 22 May 2012. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 11:00 a.m. on 22 May 2012.

A summary of the action to be taken by Shareholders is set out on pages 6 and 7 of this document. The completion and return of a Form of Proxy or submission of your proxy electronically or completing and transmitting a CREST Proxy Instruction will not prevent you from attending the Annual General Meeting and voting in person (in substitution for your proxy vote) if you wish (and are so entitled).

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

This document contains forward-looking statements which are subject to assumptions, risk and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only at the date of the particular statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules, the rules of the London Stock Exchange or by law.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy from Shareholders	11.00 a.m. on 22 May 2012
Annual General Meeting	11.00 a.m. on 24 May 2012

Notes:

- (1) References to time in this document are to London time unless otherwise stated.
- (2) If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.
- (3) Unless stated otherwise in this document, for the purposes of translating UAH denominated amounts into US\$, a current exchange rate of UAH 1.00 : US\$0.125 has been used. This does not apply to historical financial information, which has been translated at historical rates for the relevant periods or balance sheet dates.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Michael Abrahams, CBE DL (<i>Non-Executive Chairman</i>) Kostyantyn Zhevago (<i>Chief Executive Officer</i>) Christopher Mawe (<i>Chief Financial Officer</i>) Oliver Baring (<i>Non-Executive Director</i>) Ihor Mitiukov (<i>Non-Executive Director</i>) Wolfram Kuoni (<i>Non-Executive Director</i>) Miklos Salamon (<i>Non-Executive Director</i>) Lucio Genovese (<i>Non-Executive Director</i>)
Secretary	David Leonard
Registered Office	2-4 King Street, London SW1Y 6QL
Independent Financial Adviser	J.P. Morgan Limited, 125 London Wall, London EC2Y 5AJ
Lawyers	Allen & Overy LLP, One Bishops Square, London E1 6AD
Registrars	Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Ferrexpo plc

Letter from the Chairman

Ferrexpo plc
Registered in England and Wales
Company number: 5432915

Registered office:
2-4 King Street
London SW1Y 6QL

20 April 2012

To the holders of Ferrexpo plc Ordinary Shares

Dear Shareholder,

On behalf of the Board of Directors (the **Board**) of Ferrexpo plc (the **Company**), I am delighted to invite you to the fifth annual general meeting of the Company (the **Annual General Meeting**). The Annual General Meeting will be held at 11.00 a.m. on Thursday 24 May 2012 at the Intercontinental Hotel, 1 Hamilton Place, Park Lane, London W1J 7QY.

The Annual General Meeting enables the Company's Shareholders to communicate with their Board and I hope that you will make use of this opportunity.

Resolutions and explanatory notes

The formal notice of Annual General Meeting (the **Notice**) is attached to this letter. The Notice contains the resolutions to be proposed at this year's Annual General Meeting. Explanatory notes on the resolutions appear on pages 11 to 16 of this document. Resolutions 1 to 17 cover standard matters that are dealt with at every Annual General Meeting. Resolution 18 requests Shareholder approval for the proposed option to purchase up to 500 newly built closed rail car wagons, referred to in this document as the "Proposed Transaction" and as defined in Appendix 3 on page 32. The Proposed Transaction follows Shareholder approval in March 2011 of a contract to buy up to 1,000 newly built open rail car wagons. The Proposed Transaction is classified under the Listing Rules as a "related party transaction". This is due to the fact that Mr Zhevago is a Director and the Chief Executive Officer of the Company and is (together with certain of his family members) the beneficiary of The Minco Trust, a discretionary trust which owns 100 per cent. of Fevamotinico. Fevamotinico, in turn, is the holder of approximately 51 per cent. of the issued shares carrying voting rights in the capital of the Company. Mr Zhevago also indirectly controls the exercise of 30 per cent. or more of the votes able to be cast at general meetings of the Supplier on all, or substantially all, matters. Consequently, the Supplier is an associate of Mr Zhevago and therefore a related party of the Company.

Details of the Proposed Transaction are provided in the explanatory notes to resolution 18 set out on pages 13 to 17 of this document and in Appendices 1 and 2. Definitions of certain terms used in this document are set out in Appendix 3.

Action to be taken

If you are not able to attend the meeting in person, your vote is still important and I would ask you to complete, sign and return the enclosed Form of Proxy to register your vote. This will not prevent you from attending and voting in person at the meeting.

Ferrexpo plc

As an alternative to completing and returning the printed Form of Proxy, you may submit your proxy electronically by logging on to the website www.sharevote.co.uk. You will need your unique voting reference numbers shown on your Form of Proxy (the Voting ID, Task ID and Shareholder Reference Number).

CREST members may also choose to use the CREST voting service in accordance with the procedures set out in the notes on pages 19 to 20.

The deadline for the receipt of proxy appointments is 11.00 a.m. on Tuesday 22 May 2012.

Directors' recommendation (resolutions 1 to 17)

The Board considers that resolutions 1 to 17 set out in the Notice are likely to promote the success of the Company and are in the best interests of the Company and its Shareholders as a whole. The Directors recommend that Shareholders to vote in favour of each of the resolutions, as they intend to do in respect of their own shareholdings.

Directors' recommendation (resolution 18)

The Board, which has been so advised by J.P. Morgan Cazenove, considers the Proposed Transaction to be fair and reasonable so far as Shareholders are concerned. In giving advice to the Board, J.P. Morgan Cazenove has taken account of the Independent Directors' commercial assessment of the Proposed Transaction.

Under the Listing Rules, Mr Zhevago and Fevamotinico and any of their associates are precluded from voting in relation to the Proposed Transaction. Mr Zhevago and Fevamotinico have undertaken to abstain, and to ensure that their associates will abstain, from voting on resolution 18 in the event that either they or their associates own Ordinary Shares in the Company. As at 19 April 2012, Fevamotinico was recorded in the Company's register of members as holding 300,198,313 Ordinary Shares and Mr Zhevago was not recorded as a shareholder in the Company's register of members.

Under the Listing Rules, Mr Zhevago is precluded from taking part in the Board's consideration of the Proposed Transaction. Accordingly, Mr Zhevago has not taken part in the Board's consideration of the Proposed Transaction.

The Board considers the Proposed Transaction to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that you vote in favour of resolution 18 set out in the Notice, as the Independent Directors intend to do in respect of their own beneficial holdings of Ordinary Shares in the Company, which amount to 658,277 Ordinary Shares (representing approximately 0.11 per cent. of the existing issued share capital of the Company as at 19 April 2012, being the latest practicable date before the publication of this document).

I look forward to meeting you on 24 May 2012.

Yours sincerely,

Michael Abrahams, CBE DL
Chairman

Notice of Annual General Meeting

The fifth Annual General Meeting of Ferrexpo plc (the **Company**) will be held at 11.00 a.m. on Thursday 24 May 2012 at the Intercontinental Hotel, 1 Hamilton Place, Park Lane, London W1J 7QY to transact the following business:

ORDINARY BUSINESS

To consider and, if thought fit, pass resolutions 1 to 13 as ordinary resolutions.

Report and Accounts

1. To receive the audited accounts and the reports of the Directors and auditors for the year ended 31 December 2011.

Remuneration Report

2. To approve the Directors' remuneration report for the year ended 31 December 2011 contained in the accounts and reports.

Dividend

3. To declare a final dividend of 3.3 US cents per ordinary share for the year ended 31 December 2011.

Auditors

4. To re-appoint Ernst & Young LLP as the Company's auditors to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
5. To authorise the Directors to determine the auditors' remuneration.

Directors

6. To re-elect Mr Michael Abrahams as a Director of the Company.
7. To re-elect Mr Oliver Baring as a Director of the Company.
8. To re-elect Mr Raffaele (Lucio) Genovese as a Director of the Company.
9. To re-elect Mr Wolfram Kuoni as a Director of the Company.
10. To re-elect Mr Christopher Mawe as a Director of the Company.
11. To re-elect Mr Ihor Mitiukov as a Director of the Company.
12. To re-elect Mr Miklos Salamon as a Director of the Company.
13. To re-elect Mr Kostyantyn Zhevago as a Director of the Company.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, of which resolutions 14 and 18 will be proposed as ordinary resolutions and resolutions 15, 16 and 17 will be proposed as special resolutions.

Directors' authority to allot shares

14. To consider and, if thought fit, pass the following as an ordinary resolution:

That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the **2006 Act**) to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company (**Rights**) up to an aggregate nominal amount of £19,620,804, such

authority to expire at the end of the next Annual General Meeting of the Company after the passing of this resolution or on 1 July 2013, whichever is the earlier, but so that before this authority expires, the Company may make offers and enter into agreements which would, or might, require shares to be allotted or Rights to be granted after the authority expires, and the Directors may allot shares or grant Rights in pursuance of such offers or agreements as if this authority had not expired, and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are revoked.

General power to disapply pre-emption rights

15. To consider and, if thought fit, pass the following as a special resolution:

That the Directors be and are given power: (a) subject to the passing of resolution 14, to allot equity securities (as defined by section 560 of the 2006 Act) for cash under the authority given by that resolution; and (b) to allot equity securities (as defined in section 560(3) of the 2006 Act) for cash, in each case free of the restriction in section 561(1) of the 2006 Act, such power to be limited:

- (i) to the allotment of equity securities in connection with an offer of equity securities to ordinary Shareholders in proportion (as nearly may be practicable) to their existing holdings, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (ii) to the allotment of equity securities pursuant to the authority granted under resolution 14 above and/or by virtue of section 560(3) of the 2006 Act (in each case otherwise than under paragraph (i) above), up to an aggregate nominal amount of £3,069,839,

such power to expire at the end of the next Annual General Meeting after the passing of this resolution or on 1 July 2013, whichever is the earlier, but so that the Company may, before this power expires, make offers and enter into agreements which would, or might, require equity securities to be allotted after it expires, and the Directors may allot equity securities in pursuance of such offers or agreements as if this power had not expired.

Authority to purchase own shares

16. To consider and, if thought fit, pass the following as a special resolution:

That, in accordance with the 2006 Act, the Company be and is authorised generally and unconditionally to make market purchases (as defined in section 693(4) of the 2006 Act) of Ordinary Shares in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, provided that:

- (i) the maximum number of Ordinary Shares which may be purchased is 58,862,414;
- (ii) the minimum price (excluding expenses) which may be paid for each ordinary share is not less than 10 pence; and
- (iii) the maximum price (excluding expenses) which may be paid for each ordinary share is an amount equal to the higher of (a) 105 per cent. of the average market value of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the relevant share is purchased or (b) the higher of the price of the last independent trade and the highest independent current bid on the London Stock Exchange at the time the purchase is carried out.

The authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 1 July 2013, whichever is the earlier, unless renewed before that time (except that the Company shall be entitled, at any time prior to the expiry of this authority, to make contracts of purchase which would or might be executed wholly or partly after such expiry and to purchase shares in accordance with any such contract as if the authority conferred had not expired).

Notice of general meetings

17. To consider and, if thought fit, pass the following as a special resolution:

That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Authority for the Proposed Transaction

18. To consider and, if thought fit, pass the following as an ordinary resolution:

That the proposed transaction (**Proposed Transaction**) between Open Joint Stock Company Ferrexpo Poltava GOK Corporation and OJSC Stahanov Rail Cars Plant pursuant to and on the terms and conditions contained in the Purchase Agreement as described in the circular to Shareholders of the Company dated 20 April 2012 be and is approved and that all acts, agreements, arrangements, indemnities, modifications, variations or amendments which the Directors or any committee of such Directors may consider necessary or desirable for the purpose of, or in connection with, the Proposed Transaction be and are approved, provided that any modifications, variations or amendments are not of a material nature.

By order of the Board

David Leonard
Company Secretary
20 April 2012

Explanatory notes to the resolutions

ORDINARY BUSINESS

Resolutions 1 to 13 will be proposed as ordinary resolutions and will be passed if more than 50 per cent. of Shareholders' votes cast are in favour.

Resolution 1: To receive the 2011 Report and Accounts

The Directors must present their annual report and accounts of the Company for the year ended 31 December 2011 (the **Annual Report**) to Shareholders for formal adoption at the Annual General Meeting.

Resolution 2: To approve the 2011 Remuneration Report

The Remuneration Report must be laid before Shareholders for approval. The Remuneration Report set out on pages 56 to 62 of the Annual Report describes the Group's policy on remuneration and gives details of Directors' remuneration for the year ended 31 December 2011. The vote is advisory and does not affect the actual remuneration paid to any individual Director.

Resolution 3: To declare a final dividend

The Directors recommend a dividend of 3.3 US cents per Ordinary Share, for payment on Friday 1 June 2012 to Shareholders who were on the register of shareholders at the close of business on Friday 4 May 2012. If approved, the dividend will be paid to Shareholders in UK pounds sterling. Shareholders wishing to receive their dividend in US dollars should refer to the dividend payment information on page 17 of this document.

Resolutions 4 and 5: To reappoint the auditors and authorise the Board to determine their remuneration

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, Ernst & Young LLP, on behalf of the Board, which now proposes their reappointment as auditors of the Company. Resolution 5 also authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider the audit fees for recommendation to the Board.

Resolutions 6 to 13: To re-elect the Directors

In accordance with the recommendations of the 2010 UK Corporate Governance Code, each of the eight Directors will retire and seek re-election at the Annual General Meeting. Their biographies appear on pages 48 to 49 of the Annual Report. The performance of the Directors has been formally evaluated and the Board believes that each Director continues to be effective and to demonstrate commitment to his role.

SPECIAL BUSINESS

As well as the ordinary business of the meeting outlined above, a number of special matters will be dealt with at the Annual General Meeting. Resolutions 14 and 18 will be proposed as ordinary resolutions. Resolution 14 will be passed if more than 50 per cent. of Shareholders' votes cast are in favour. Resolution 18 will be passed if more than 50 per cent. of Independent Shareholders' votes cast are in favour. Resolutions 15, 16 and 17 will be proposed as special resolutions. For these resolutions to be passed, more than 75 per cent. of Shareholders' votes cast must be in favour.

Resolution 14: Directors' authority to allot shares

At the 2011 annual general meeting the Directors were given authority to allot shares in the Company, and resolution 14 seeks to renew this authority for a period until the date of the next annual general meeting.

This Resolution would give the Directors authority to allot Ordinary Shares and grant rights to subscribe for, or convert any security into shares in the Company, up to an aggregate nominal value of £19,620,804. This amount represents approximately one-third (33.33 per cent.) of the issued

ordinary share capital of the Company, exclusive of treasury shares, as at 19 April 2012, the latest practicable date prior to the publication of this document.

The Directors have no present intention to allot new shares other than in connection with employee share and incentive plans. As at the date of this Notice, 25,343,814 Ordinary Shares are held by the Company as treasury shares, representing 4.1 per cent. of the total issued share capital.

Resolution 15: Disapplication of pre-emption rights

If directors of a company wish to allot shares in the Company, or to sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to Shareholders in proportion to their existing holdings.

The purpose of resolution 15 is to authorise the Directors to allot Ordinary Shares in the Company, or sell treasury shares, for cash (i) in connection with a rights issue, and, otherwise, (ii) up to a nominal value of £3,069,839, equivalent to five per cent. of the total issued ordinary share capital of the Company as at 19 April 2012, without the shares first being offered to existing Shareholders in proportion to their existing holdings.

The Directors do not intend to issue more than 7.5 per cent. of the total issued ordinary share capital of the Company for cash on a non-pre-emptive basis within any rolling three-year period without prior consultation with shareholder groups.

Resolution 16: Authority to purchase own shares

Under the 2006 Act, the Company requires authorisation from Shareholders if it wishes to purchase its own shares.

Resolution 16 seeks to renew the existing authority given at the 2011 annual general meeting. The resolution specifies the maximum number of shares that may be purchased (approximately 10 per cent. of the Company's issued share capital, excluding treasury shares) and the highest and lowest prices at which they may be bought.

Under the 2006 Act, the Company can hold the shares which have been repurchased as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. The Directors believe that it is desirable for the Company to have this choice and therefore expect that they would hold any shares purchased pursuant to this authority as treasury shares. Holding the repurchased shares as treasury shares will give the Company the ability to resell or transfer them in the future and so provide the Company with additional flexibility in the management of its capital base. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to reassess at the time of any actual purchase whether to hold the shares in treasury or cancel them.

The Directors have no present intention of exercising this authority. The Directors intend to keep under review the Company's potential to buy back its shares, taking into account other investment and funding opportunities. The authority will only be used if, in the opinion of the Directors, this will result in an increase in earnings per share and is otherwise in the best interests of Shareholders generally.

No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

As at the latest practicable date prior to the publication of this Notice, there were no outstanding options to subscribe for Ordinary Shares.

Resolution 17: Notice of General Meetings

The notice period required by the 2006 Act for general meetings is 21 days, unless Shareholders approve a shorter notice period, which cannot, however, be less than 14 days. Annual general meetings must always be held on at least 21 days' notice. At our last annual general meeting, Shareholders authorised the calling of general meetings (other than annual general meetings) on a minimum of 14 days' notice, and it is proposed that this authority be renewed. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirement to provide electronic voting

for Shareholders in order to be able to call a general meeting on less than 21 days' notice. The flexibility afforded by this resolution will be used where, taking the circumstances into account, the Directors consider this to be appropriate in relation to the business to be considered at the meeting and in the interests of the Company and Shareholders as a whole.

Resolution 18: Authority for the Proposed Transaction

1. Introduction

It was announced on 20 April 2012 that the Company's subsidiary, Open Joint Stock Company Ferrexpo Poltava GOK Corporation (**FPM**), in which it holds approximately 97.3 per cent. of the share capital, has, subject to Shareholder approval, agreed an option to buy from the OJSC Stahanov Rail Cars Plant (the **Supplier**) up to 500 newly built closed bottom rail car wagons of the 12-955 model (the **Closed Wagons**) on terms and conditions agreed between FPM and the Supplier (the **Parties**) and set out in a conditional contract between the Parties dated 20 April 2012 (the **Purchase Agreement**).

The terms and conditions set out in the Purchase Agreement, such as the technical specification for the Closed Wagons, the delivery terms and the price of each Closed Wagon may be varied by the Parties and such variations will be recorded in separate addendums (**Specifications**). The Parties shall mutually agree the price for each consignment of Closed Wagons and in doing so shall take into consideration the then current market price of closed rail car wagons in the CIS, provided that the price of a Closed Wagon shall not exceed US\$110,000, excluding VAT at 20 per cent. The maximum total consideration payable by FPM, should it choose to exercise its option to take delivery of all 500 Closed Wagons, shall therefore be US\$55,000,000, plus 20 per cent. VAT (US\$66,000,000 in aggregate).

The Closed Wagons are to be used for the transportation of iron ore pellets produced by FPM to the Ukrainian border for delivery to its customers. It is proposed that the Closed Wagons are to be delivered in consignments of up to approximately 100 units.

Mr Zhevago is a Director and the Chief Executive Officer of the Company and is (together with certain of his family members) the beneficiary of The Minco Trust, a discretionary trust which owns 100 per cent. of Fevamotinico (**Fevamotinico**). Fevamotinico, in turn, is the holder of approximately 51 per cent. of the issued shares carrying voting rights in the capital of the Company. Mr Zhevago also indirectly controls the exercise of 30 per cent. or more of the votes able to be cast at general meetings of the Supplier on all, or substantially all, matters. Consequently, the Supplier is an associate of Mr Zhevago and therefore a related party of the Company. Accordingly, the Proposed Transaction is classified under the Listing Rules as a "related party transaction".

Appendix 2 (Additional Information) sets out the related party transactions that have been entered into between the Group and associates of Mr Zhevago within the previous 12 months (the **Previous Related Party Transactions**). As at the date of this document the Proposed Transaction, when aggregated with the Previous Related Party Transactions, does not exceed the Percentage Ratios relating to gross assets and market cap to consideration which require the approval of Independent Shareholders of the Company under the Listing Rules. Notwithstanding this, the Board believes it is in shareholders' best interests to take advantage of the Company's Annual General Meeting to obtain Independent Shareholders' approval for this Proposed Transaction. As presented in Appendix 2 (Additional Information), the Group enters into multiple smaller related party transactions with entities under common control on a regular basis. By obtaining Independent Shareholders' approval, this Proposed Transaction will not need to be aggregated for the purpose of calculating the Percentage Ratios relating to gross assets and market cap to consideration which would require the approval of Independent Shareholders of the Company under the Listing Rules. Therefore, the Company is able to maintain its current flexibility to be in a position to consider future related party transactions as they may arise.

Under the Listing Rules, Mr Zhevago and Fevamotinico and their associates are precluded from voting in relation to the Proposed Transaction. Mr Zhevago and Fevamotinico have undertaken to abstain, and to ensure that their associates will abstain, from voting on resolution 18 in the event that either they or their associates own Ordinary Shares in the Company. Only those Shareholders who

are not associates of Mr Zhevago and Fevamotinico, being Independent Shareholders, may vote in relation to the Proposed Transaction. As set out above, the Board has therefore determined to seek the Independent Shareholders' consent to the Proposed Transaction.

The purpose of this explanatory note is to provide details of the Proposed Transaction, to explain why the Board believes that the Proposed Transaction is in the best interests of Ferrexpo and its Shareholders as a whole (as stated in the Letter from the Chairman on page 7) and to seek the consent of the Independent Shareholders to the Proposed Transaction at the Annual General Meeting. The principal terms of the Purchase Agreement are further described in Appendix 1 of this document.

2. Background to, and reasons for, the Proposed Transaction

As part of its growth and marketing strategy, the Company is committed to the development of its logistic capabilities by investing in its own fleet of railway cars. The Directors believe that such investment is required to support medium-term production growth, which is expected to increase by a third to 12 million tonnes of pellets per annum from the beginning of 2014. The Directors believe that access to rail cars is necessary to support such a growth in production because most of the iron ore pellets produced by FPM (being the principal product currently produced by FPM) are transported by rail to the Ukrainian border, including to river ports on the Danube River or to ocean vessel ports on the Black Sea.

Railway transportation services in Ukraine are provided by a State-owned monopoly, Ukrzaliznytsa. FPM currently owns a total of 1,495 rail cars which allows the Company to reduce reliance on the Ukrzaliznytsa fleet, which is very difficult to secure, particularly in times of high demand during the grain transport seasons. Where FPM uses its own rail cars, it not only ensures availability and therefore reliable supplies to customers, but it also receives a discount to the tariff applied on the use of rail cars owned by Ukrzaliznytsa. This discount currently represents approximately 17 per cent. of transportation tariffs on south border directions (ports TIS IO and Yuzhny) where FPM's own wagons are extensively used. This resulted in a railway tariff saving of approximately UAH 16.5 million in 2011 and a railway tariff saving of approximately UAH 16.6 million in 2010. The railway tariffs are regulated by the Ukrainian government and are fixed by the Ministry of Infrastructure, after consultation with the Ministry of Economy. The cost of transportation depends on the categories of goods transported and the route used. The railway tariffs are denominated in domestic currency (UAH).

The rail car industry in the CIS is currently unable to supply sufficient numbers of rail cars to satisfy demand. Demand for rail cars has increased due to a growing economy and export market and a lack of capital investment, which has resulted in a need to replace an ageing fleet of rail cars. The Directors are concerned that the failure of Ukrainian railways to upgrade its rolling stock within the next few years could result in a shortage of available working rolling stock, a disruption in transportation of the Company's products, increased costs of rail or other substituted transport and a deterioration in customer service. In the past, FPM has experienced delays in obtaining sufficient allocations of rail cars, particularly at certain times of the year when agricultural producers ship their produce by rail, and on occasion rail cars have been in poor condition, which resulted in loss of or damage to a certain quantity of pellets. Any disruption or delay in shipment could have a negative effect on the Company's profitability and cash flows. The Directors believe that the growing production of FPM, including the additional production output from Ferrexpo Yeristovo Mining crude ore in 2013, demands increased capacity and reliability from rail transportation.

In pursuit of this, FPM increased its rail car fleet in 2011 with the purchase of 212 new rail cars under the contract approved by Shareholders in March 2011, followed by the purchase of a further: 200 new rail cars in January and February 2012; 100 new rail cars in March 2012; and 50 new rail cars on 12 April 2012. The Directors consider that the railcars supplied were of satisfactory quality and provided on competitive terms. It is intended that FPM shall continue to increase its rail car fleet by acquiring 438 further rail cars from the Supplier under this contract, at which point it will have purchased the maximum number permitted by the contract. The last of the rail cars is expected to be delivered in August 2012, resulting in FPM owning a total of 1,933 rail cars. It is further intended that, subject to receiving shareholder approval of the Proposed Transaction, FPM shall continue to increase its rail car fleet by acquiring up to 500 Closed Wagons from the Supplier. If the option is exercised in full,

FPM will own (or have on order) 2,433 rail cars. The percentage coverage ratio this represents at that time will be dependent on the increased production levels of the Company, the transportation requirements for the Company's purchases of third party concentrate and the mix of the Company's sales to the various export destinations across its different markets. The Directors believe it to be advantageous to secure the Purchase Agreement now in order to minimise any impact of a possible future shortage of available working rolling stock in Ukraine, as referred to above.

The Independent Shareholders are asked to approve such transactions for the reasons set out in this document.

3. Principal terms of the Proposed Transaction

FPM has agreed an option to purchase up to 500 newly built Closed Wagons of the 12-955 model from the Supplier. There is no fee attached to the option but the option shall expire on 31 December 2014. The Closed Wagons would be delivered in lots of up to approximately 100 units.

The price of a Closed Wagon shall be US\$70,000, however, this price shall, by agreement between the Parties, be subject to adjustment for each consignment to reflect the then current market price of closed rail car wagons in the CIS. The price, however, of a Closed Wagon shall not exceed US\$110,000, exclusive of VAT, which is charged at 20 per cent. FPM shall request quotes from at least four other suppliers of rail cars in the CIS each month and shall use the quotes received to determine the current market price of a closed rail car wagon. If there are fewer than four other suppliers of rail cars in the CIS and/or no such supplier provides a quote, FPM shall use such other sources of information as it considers appropriate to determine the current market price. In the event of a proposed adjustment to the terms set out in the Purchase Agreement, any variation shall be approved by the Company according to its established process for the approval of related party transactions. The maximum total consideration payable by FPM under the Purchase Agreement shall be US\$55,000,000, plus 20 per cent. VAT (US\$66,000,000 in aggregate), if FPM chooses to acquire all 500 Closed Wagons. If the Parties fail to reach an agreement on the price for a particular consignment, FPM shall cease to be obliged to purchase the Closed Wagons and the Supplier shall cease to be obliged to supply the Closed Wagons.

The adjusted price for each lot, as well as the terms (including time periods) of delivery and quantity of each consignment of Closed Wagons and other significant conditions of delivery which are not set out in the Purchase Agreement, will be agreed by the Parties in respect of each consignment and set out in the relevant Specification.

FPM is also required to pay costs in relation to the transport of the Closed Wagons and bank charges relating to the Proposed Transaction, further details of which are set out in Appendix 1 of this document.

Delivery of the Closed Wagons shall be deemed to take place at the manufacturer's site before transportation to FPM, at which point risk in respect of the Closed Wagons shall pass to FPM.

The Supplier has given warranties relating to title and the quality of the Closed Wagons for a period of three years from delivery of the Closed Wagons. The Supplier has also agreed that if it is proved to be at fault, it shall remedy any defects or provide refunds or discounts if the defect cannot be remedied.

Both the Supplier and FPM have given indemnities to the other in respect of the reimbursement of certain costs that may be incurred by the other Party. Money may also be payable on a breach of certain of the terms of the Purchase Agreement.

Further details regarding the terms of the Purchase Agreement and the indemnities and payments referred to above are contained in the summary of the Purchase Agreement which is set out in Part 2 of this document.

4. Financial Effects of the Proposed Transaction

The price of each Closed Wagon shall be negotiated between FPM and the Supplier on the basis of the prevailing market price for closed rail car wagons at the time of negotiations. The price per Closed Wagon shall not exceed US\$110,000, exclusive of VAT, which is charged at 20 per cent. The maximum total consideration payable by FPM for 500 Closed Wagons is therefore US\$55,000,000, plus 20 per cent. VAT (US\$66,000,000 in aggregate).

FPM may also be required to pay charges to the Supplier of up to:

- (a) 0.1 per cent. of the value of the Closed Wagons to be supplied, for each day of delay (but not exceeding double the NBU Rate) as a result of FPM failing to provide information required under the Purchase Agreement which leads to an overstocking of access roads of the Supplier; and
- (b) 0.1 per cent. of the amount of any late reimbursement to the Supplier of costs relating to railway fare payment and transportation services, for each day of such delay (but not exceeding double the NBU Rate).

FPM shall fund the consideration for the Closed Wagons from its own cash resources, or shall put in place a leasing arrangement with one of the leading Ukrainian banks for all or some of the Closed Wagons if it considers the terms and conditions of such leasing arrangement to be beneficial for Ferrexpo plc.

5. Risks associated with proceeding with the Proposed Transaction

Supplier failure

The Supplier may fail to supply the quantity or the quality of the Closed Wagons as agreed in the Purchase Agreement and FPM would have to source the Closed Wagons from a different supplier, potentially at an increased price. The Contract contains a mitigation mechanism to deal with that risk, in the former case by granting FPM a right to receive damages for losses incurred and/or demand repayment of the purchase price (if the Supplier has already been paid) and, in the latter case, by granting FPM a right to demand the elimination of any defect or replacement of the faulty product.

Adverse price changes

The price of the Closed Wagons is subject to monthly or other periodic review depending on the timing of proposed rail car acquisitions, and may rise considerably due, for example, to a rise in steel prices, but shall not exceed US\$110,000 per Closed Wagon. The Directors believe that it is not market practice in Ukraine to fix the price of the rail cars for a period longer than one month and that FPM would face the same risk if it was to negotiate the purchase of rail cars with another supplier.

Failure to utilise the increased rail car fleet to full capacity

FPM may not be able to utilise its rail fleet to its full capacity should the demand for iron ore pellets fall. However, it is the Directors' opinion that the cost of maintenance of the unutilised rail fleet is marginal compared to the risk of being unable to deliver products to the customers within agreed timescales and facing penalties for non-delivery. In addition, as new ore becomes available from the Yeristovo mine, FPM may lease or sell part of its fleet to Ferrexpo Yeristovo Mining, thus ensuring its utilisation.

Government policy changes

The Ukrainian government could prohibit the use of private rail cars on state railways. The Directors consider this to be a low risk.

6. Risks associated with not proceeding with the Proposed Transaction

Limited availability of rail cars

The availability of rail cars may become scarce, and failure to secure a committed supply agreement in the near future may result in an inability to procure the desired number of rail cars in the future. This could lead to a disruption or delay in the shipment of products to customers and result in FPM paying penalties for non-delivery.

Failure to satisfy customer contracts

If Ukrzaliznytsa fails to upgrade its rolling stock, this could lead to a shortage of available working rolling stock which could lead to a disruption or delay in the shipment of products to customers and result in FPM facing penalties for non-delivery.

7. Additional Information

Your attention is drawn to the further information set out in Appendix 1 and Appendix 2 of this document relating to the Company and the Proposed Transaction, and to the definitions set out in Appendix 3.

Notes to the Notice of AGM

Dividend

1. The Directors are proposing a dividend payment of 3.3 US cents per Ordinary Share, payable on Friday 1 June 2012 to Shareholders on the register of members as at Friday 4 May 2012. The dividend will be paid in UK pounds sterling. Shareholders may elect to receive the dividend in US dollars if they wish. Shareholders wishing to receive their dividends in US dollars should use a Currency Election Form, which is obtainable from the Company's registrar, Equiniti, on 0871 384 2030. Calls to this number are charged at 8p per minute from a BT landline. Other telephony provider costs may vary. For Shareholders calling from overseas, Equiniti's helpline number is +44 121 415 7047. The Currency Election Form should be completed and returned to Equiniti by 4 May 2012.
2. Equiniti can also arrange for your dividend to be paid directly into a UK bank account. If you wish to take advantage of this facility, you should contact Equiniti (see note 1 above) and obtain a Dividend Mandate Form, which should be completed and returned to Equiniti by Friday 27 April 2012. This arrangement is only available in respect of dividends paid in UK pounds sterling.
3. Ferrexpo plc is, for tax purposes, a Swiss resident company. As such, any dividend payment which the Company makes will be taxed in Switzerland at the current Swiss federal withholding tax rate of 35 per cent. (the **Withholding Tax**). The Withholding Tax must be withheld by the Company from the gross distribution and paid directly to the Swiss Federal Tax Administration. A full or partial refund of Withholding Tax may be available in certain circumstances, depending on your place of residence, ownership, related refund applications and evidence. Further information is available on the Company's website at www.ferrexpo.com or an information leaflet may be requested from the Company Secretary at the Company's registered office address. Any information provided does not purport to be a comprehensive analysis of the relevant tax issues. If you are in any doubt about your taxation position, or you are resident other than in the United Kingdom, Switzerland or the United States, you should consult an appropriate professional adviser.

Proxies

4. A Shareholder is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, speak and vote at the Annual General Meeting on his/her behalf. A proxy need not be a Shareholder of the Company. If you wish to appoint a proxy, you should complete the proxy form enclosed with this letter and return it to Equiniti in the enclosed pre-paid envelope, to be received no later than 11.00 a.m. on Tuesday 22 May 2012. Alternatively, members can

appoint proxies electronically by logging on to the website www.sharevote.co.uk. You will need your unique voting reference numbers (the Voting ID, Task ID and Shareholder Reference Number shown on your Form of Proxy). For an electronic proxy appointment to be valid, the appointment must be received by no later than 11.00 a.m. on Tuesday 22 May 2012. CREST members should use the instructions for electronic proxy appointment through CREST set out below.

5. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. If you wish to appoint more than one proxy, each proxy must be appointed on a separate Form of Proxy. Additional Forms of Proxy may be obtained from Equiniti (see note 1 above). Alternatively, you may photocopy the enclosed form the required number of times before completing it. When appointing more than one proxy, you must indicate the number of shares in respect of which the proxy is appointed.
6. Appointment of a proxy does not preclude you from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of shareholders (the first named being the most senior).
8. To change your proxy instructions, you may simply submit a new Form of Proxy. To obtain a new Form of Proxy, please contact Equiniti (see note 1 above). The deadline for receipt of proxy appointments also applies in relation to amended instructions. Where two or more valid separate appointments of proxy are received in respect of the same shares, the one which is last validly received shall be treated as replacing and revoking the others. You must inform Equiniti in writing of any termination of the authority of a proxy.

Right to attend and vote at the Annual General Meeting

9. Shareholders must be entered in the register of shareholders of the Company no later than 6.00 p.m. on Tuesday 22 May 2012 in order to have the right to attend or vote at the meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

Documents on display

10. Copies of the Executive Directors' service contracts and the Non-executive Directors' terms of appointment are available for inspection at the Company's registered office during normal business hours, and will be available on the morning of the Annual General Meeting at the meeting venue from 10.30 a.m. until the conclusion of the meeting.

In addition, copies of the following documents may be inspected at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) up to and including the date of the Annual General Meeting and will also be available on the morning of the Annual General Meeting at the meeting venue from 10.30 a.m. until the conclusion of the meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Purchase Agreement;
- (c) the Company's Annual Report and Accounts 2010 (including the audited consolidated accounts for the Company for the period ended 31 December 2010 and the Directors' Remuneration Report);
- (d) the Company's Annual Report and Accounts 2011 (including the audited consolidated accounts for the Company for the period ended 31 December 2011 and the Directors' Remuneration Report);

- (e) the Company's Interim Management Statement for the period from 1 January 2012 to 31 March 2012;
- (f) the signed service agreement between Mr Zhevago and the Company dated 10 February 2009;
- (g) the consent letter referred to in paragraph 8 of Appendix 2;
- (h) the irrevocable undertaking referred to in paragraph 2(c) in Appendix 2 on page 25; and
- (i) the Prospectus.

Nominated Persons

11. Any person to whom this notice is sent who is a nominated person under section 146 of the Companies Act 2006 to enjoy information rights (a **Nominated Person**) may have a right under an agreement between him/her and the shareholder by whom he/she was nominated to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of Shareholders set out in paragraphs 4, 5 and 16 does not apply to Nominated Persons; the rights described in those paragraphs can only be exercised by registered Shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

Corporate Shareholders

12. Corporate Shareholders may appoint corporate representatives to attend, speak and vote on their behalf at the Annual General Meeting by submitting a corporate representation letter. To assist with the registration process, a corporate representation letter should be presented to the Company's registrar, Equiniti, for validation not later than 10.45 a.m. on Thursday 24 May 2012. More than one corporate representative may be appointed by a corporate shareholder, provided that each corporate representative has been appointed under a valid letter of representation.

Questions at the Annual General Meeting

13. Any member attending the meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

Website publication of requests made by members in respect of audit or auditors

14. Shareholders satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with the auditor of the Company ceasing to hold office since the last Annual General Meeting that the members propose to raise at the meeting. The Company may not require the members requesting the publication to pay its expenses. Any such statement placed on the website must also be sent to the Company's auditors no later than the time at which it is placed on the website. The business to be dealt with at the AGM will include any such statement that the Company has been required to publish on its website.

Total number of shares and voting rights

15. As at 19 April 2012 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital (excluding treasury shares) consisted of 588,624,142 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights at this date was 588,624,142.

Instructions for electronic proxy appointment through CREST

16. If you are a CREST member and want to appoint a proxy using the CREST electronic appointment service, you can do so using the procedures described in the CREST Manual, subject to the Company's Articles of Association. If you are a CREST member, a CREST sponsored member or a CREST member that has appointed a voting service provider, you should request the sponsor or voting service provider to take the appropriate action on your behalf.
17. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at www.euroclear.com/CREST. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Equiniti Limited (ID: RA19) no later than 48 hours before the time at which the meeting is due to begin. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which our Registrars will be able to retrieve the message by enquiry to CREST in the manner prescribed in CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
18. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations therefore apply in relation to the input of CREST Proxy Instructions. CREST members (or appointee members) are responsible for taking (or arranging for their CREST sponsor or voting service provider to take) any necessary action to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and CREST sponsors and voting service providers are referred to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
19. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Communication

20. Except as provided above, Shareholders who wish to communicate with the Company in relation to the Annual General Meeting should do so using the following means: (i) by writing to the Company Secretary at the registered office address; or (ii) by writing to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this Circular or in any related documents.

Information available on the Company's website

21. A copy of this notice and other information required by section 311A of the Companies Act 2006 can be found on the Company's website www.ferrexpo.com.

Shareholder Information

Shareholder enquiries

The Company's ordinary share register is maintained by:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: 0871 384 2030

Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday.

(Calls to this number are charged at 8p per minute from a BT landline. Other telephony provider costs may vary. For Shareholders calling from overseas, Equiniti's helpline number is +44 121 415 7047.)

Email: www.equiniti.com

Shareholder enquiries, such as change of address, change of ownership or dividend payments, should be directed to Equiniti at the address and telephone number above.

Financial calendar

Final dividend record date	4 May 2012
Annual General Meeting	24 May 2012
Final dividend payment date	1 June 2012
Half yearly results announced	August 2012
Interim dividend payable	September 2012
Financial year end	31 December 2012

Ferrexpo plc – Annual General Meeting

Thursday 24 May 2012 at 11.00 a.m.

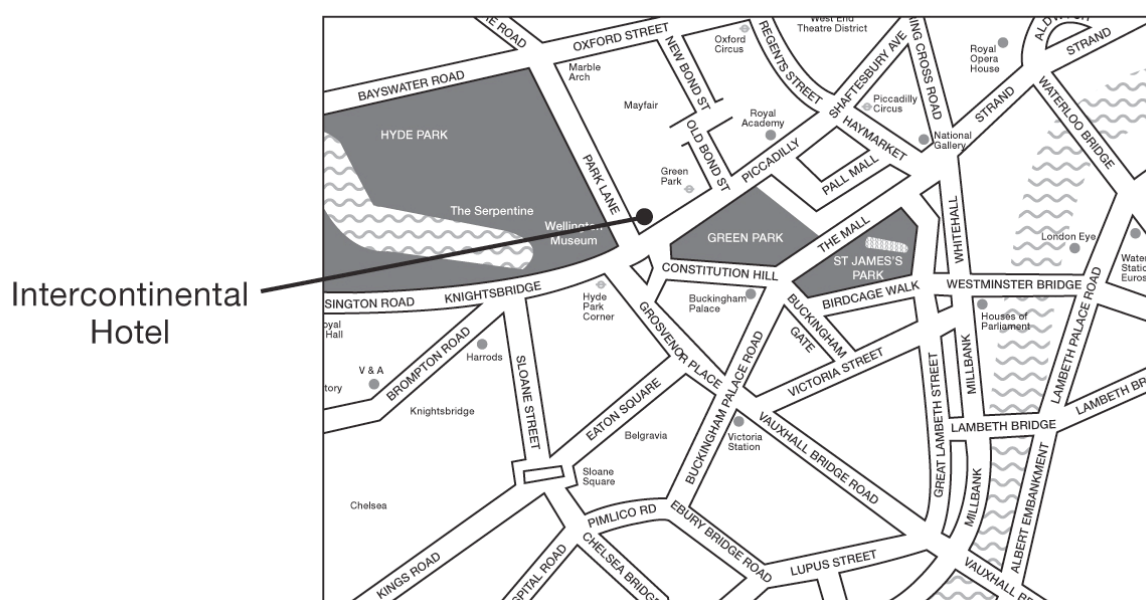
Shareholders should note that the doors to the Annual General Meeting will open at 10.30 a.m.

Address:

Intercontinental Hotel
One Hamilton Place
Park Lane
London
W1J 7QY

Telephone: +44 207 409 3131

How to get there



By London Underground

Nearest Underground stations: Hyde Park Corner or Green Park.

Security

Please note that, for security reasons, all hand luggage may be subject to examination prior to entry to the Annual General Meeting. Certain items will not be permitted in the meeting room. These include cameras, recording equipment, items of any nature with potential to cause disorder and such other items as the Chairman of the meeting may specify.

Persons who are not Shareholders of the Company will not be admitted to the Annual General Meeting unless prior arrangements have been made with the Company.

We ask all those present at the Annual General Meeting to facilitate the orderly conduct of the meeting and reserve the right, if orderly conduct is threatened by a person's behaviour, to require that person to leave.

APPENDIX 1

SUMMARY OF THE PURCHASE AGREEMENT

FPM, a subsidiary of the Company, has agreed an option to purchase up to 500 newly built closed rail car wagons of the 12-955 model from OJSC Stahanov Rail Cars Plant.

Price

The price of a Closed Wagon shall be US\$70,000, which shall be subject to adjustment to take into consideration the prevailing market price for Closed Wagons at the time a Specification for each consignment is agreed, provided that the price of a Closed Wagon shall not exceed US\$110,000, exclusive of VAT, which is charged at 20 per cent. The maximum total consideration payable by FPM under the Purchase Agreement shall therefore be US\$55,000,000, plus 20 per cent. VAT (US\$66,000,000 in aggregate), if FPM chooses to exercise its option to purchase all 500 Closed Wagons. The adjusted price consignment, as well as the terms (including time periods) of delivery and quantity of each consignment of Closed Wagons and other significant conditions of delivery which are not set out in the Purchase Agreement, shall be agreed by the Parties and set out in the Specifications.

If any such price adjustment is proposed, the Party proposing such adjustment is required to notify the other Party by written notice of its intent to change the price. The Party receiving such notice must either agree to the adjustment or notify the Supplier of its disagreement with the proposed adjustment within five days of receipt of the notice. If the Party in receipt of the notice does not take any such action or if the Parties fail to agree the changes of price within that five day period, the Party offering the change of price shall not have a duty to supply or take the delivery of the respective consignment of Closed Wagons.

Upon signing each Specification, the Supplier shall invoice FPM for 100 per cent. of the consideration in respect of the relevant consignment. FPM is required to settle 75 per cent. of the amount of each invoice in full within three business days of receipt and to settle the remaining 25 per cent. within three business days of the Closed Wagons being ready for shipment.

All payments under the Agreement shall be paid in UAH in accordance with the NBU Rate on the date of the relevant payment.

FPM is required to compensate the Supplier for the costs of railway fares and payment for services of the carrier relating to the transportation of the Closed Wagons to the appointed railway station within two banking days of receipt from the Supplier of an invoice relating to such costs. FPM is also required to pay all payments relating to banking services in respect of the Proposed Transaction. The railway tariffs are regulated by the Ukrainian government and are fixed by the Ministry of Transport and so may be subject to change, but based on the current applicable tariffs, the total charges are not expected to exceed US\$1,500,000.

Specification

The Closed Wagons are required to conform to certain technical requirements agreed between the Parties. FPM shall have the right to supervise the works during the manufacture of the Closed Wagons and FPM's approval will be required for any changes to the technical specifications.

Acceptance of the quantity and quality of the Closed Wagons shall be conducted at the Supplier's site and risk shall pass to FPM at that point. If FPM's representatives fail to arrive when required in order to inspect and approve the Closed Wagons, the Closed Wagons shall be deemed to be accepted by FPM in relation to quality and completeness from that day.

The terms and conditions of delivery of the Closed Wagons as set out in the Purchase Agreement shall be construed by the Parties in accordance with the Incoterms 2000 rules, except for those provisions which are applied only to international economic transactions.

Warranties

The Supplier warrants that at the time of sale it owns the Closed Wagons free of any third party claims. Subject to compliance by FPM and/or the owner of the Closed Wagons and/or any railway transportation organisations which are responsible for delivery of the Closed Wagons, the Supplier warrants the proper quality of the delivered Closed Wagons for three years from the date of shipment to FPM.

Defects

If latent defects in the Closed Wagons are identified during the warranty period, and it is established that it is the fault of the Supplier, the Supplier shall be obliged to eliminate the revealed defects or replace the defective Closed Wagons at its own expense or to refund FPM or provide a discount to FPM within 60 days from the date of receipt of a demand from FPM.

Indemnities and fines

The Supplier is required to indemnify FPM against all costs and/or losses incurred in connection with the elimination of defects or depreciation of the Closed Wagons.

If the Supplier breaches any terms of the Purchase Agreement relating to the delivery of the Closed Wagons the Supplier shall pay FPM a fine at the rate of 0.1 per cent. of the value of the Closed Wagons not delivered in time, for each day of delay (but not exceeding double the NBU Rate).

If the Supplier is unable to replace Closed Wagons which are incomplete, defective or non-compliant with the specification, the Supplier undertakes to refund FPM within ten banking days from the date of written notice provided to it. If the Supplier does not provide such a refund within ten banking days, the Supplier shall pay FPM a fine at the rate of 0.1 per cent. (but not exceeding double the NBU Rate).

Indemnities in favour of the Supplier

If FPM breaches any terms of the Purchase Agreement relating to the supply of information by Ferrexpo plc and this leads to an overstocking of access roads of the Supplier, FPM shall pay a fine at the rate of 0.1 per cent. of the value of the Closed Wagons lot to be supplied, for each day of delay (but not exceeding double the NBU Rate).

If FPM fails to pay to the Supplier, within the time period specified in the Purchase Agreement, the costs payable in relation to railway fare payment and transportation services, FPM shall pay the Supplier a fine at the rate of 0.1 per cent. of the amount of such late reimbursement, for each day of such delay (but not exceeding double the NBU Rate).

If either Party fails to comply with the terms of the Purchase Agreement, it shall reimburse the non-defaulting party against all losses incurred in connection with such default.

Dispute resolution

The Purchase Agreement is governed by Ukrainian law and any disputes shall be submitted for resolution to a commercial court in the location of the defendant. Any legal action by FPM against the Supplier may therefore not be dealt with by the courts of England.

Termination

The Purchase Agreement may be terminated before the expiration of its term:

- (a) by mutual agreement of the Parties;
- (b) by any Party by giving at least 14 days' notice in the case of material breach by the other Party; or
- (c) on the occurrence of an event of force majeure.

APPENDIX 2

ADDITIONAL INFORMATION

1. The Company

The Company was incorporated and registered in England and Wales under the name Ferrexpo plc as a public company limited by shares under the Companies Act 1985 on 22 April 2005 with registered number 5432915. The Company's registered office is at 2-4 King Street, London SW1Y 6QL, United Kingdom. The telephone number is +44 207 389 8300. The Company's principal place of business is Bahnhofstrasse 13, CH-6340, Baar, Switzerland. The telephone number is +41 41 769 3660. The principal legislation under which the Company operates is the Companies Act 2006.

2. Interests and major shareholdings

- (a) Fevamotinico is the holder of a total of 300,198,313 Ordinary Shares in the Company out of a total of 613,967,956 issued Ordinary Shares carrying voting rights in the Company, being approximately 51 per cent. of the total issued share capital of the Company, taking into account 25,343,814 shares held in treasury by the Company.
- (b) As far as the Company is aware, as at 19 April 2012 (being the latest practicable date before the posting of this document), the following persons (other than Directors) were, directly or indirectly, interested in three per cent. or more of the voting rights or issued share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>%</i>
Fevamotinico S.a.r.l	300,198,313	51.00
Wigmore Street Investments No. 3 Limited	76,656,035	13.02

Notes:

- (1) Fevamotinico is a wholly owned subsidiary of The Minco Trust, of which Mr Zhevago is a beneficiary.
- (2) Wigmore Street Investments No.3 Limited holds 76,656,035 Ordinary Shares through its nominee Lynchwood Nominees Limited and is interested in Total Return Swaps covering 70,500,000 shares.
- (c) The Company has received an irrevocable commitment from Wigmore Street Investments No.3 Limited to vote in favour of the Proposed Transaction at the Annual General Meeting. Such irrevocable commitment is in respect of 76,656,035 Ordinary Shares, being approximately 13.02 per cent of the issued share capital of the Company and approximately 24.43 per cent. of the Ordinary Shares in respect of which voting rights may be exercised in relation to resolution 18.

3. Mr Zhevago's Service Agreement

On 10 February 2009 Ferrexpo AG entered into a service agreement (the **Agreement**) with Mr Zhevago. The Agreement provides for Mr Zhevago to act as chief executive officer of the Group at a salary of US\$240,000 per annum. The Agreement may be terminated by Ferrexpo AG on six months' written notice or without notice in the event of gross misconduct, gross negligence or in the event of Mr Zhevago being in material breach of one of the terms of his employment. On termination of Mr Zhevago's employment by Ferrexpo AG, Mr Zhevago will be entitled to receive all components of remuneration, allowances and expenses for the duration of the notice period. Ferrexpo AG is required to provide Mr Zhevago with fully furnished accommodation in Switzerland (and elsewhere in Europe, if necessary, for the performance of his duties) at no cost to him, and on termination of Mr Zhevago's contract, Ferrexpo AG will make payment of any outstanding lease of property so occupied from the end of the notice period up to the end of the lease period. Mr Zhevago is

also entitled to receive the services of a tax advisory company up to the value of US\$5,000 per annum to assist with advice on and completion of all necessary taxation and social security obligations in Switzerland and to participate in Ferrexpo AG's pension plan. The Agreement contains a provision exercisable at the option of Ferrexpo AG to pay an amount on early termination of employment equal to the total base salary to which Mr Zhevago would have been entitled for the full extent of the notice period (less deductions for tax and employee's social security contributions) and a payment equal to accrued but untaken holiday to which he would have been entitled for the full extent of the notice period.

4. Material contracts

Save for the Purchase Agreement and the Relationship Agreement (details of which were included in the Prospectus, which is incorporated by reference into this document), the Company has not been a party to any material contracts during the two-year period immediately preceding the date of this document (being contracts entered into by the Company since its incorporation and which are, or may be, material) which contain information which Shareholders would reasonably require to make a properly informed assessment of how to vote on resolution 18.

5. Related party transactions

During the periods presented below, the Group entered into arm's length transactions with subsidiary undertakings and associates related to Mr Zhevago (the **Related Parties**). Transactions with Related Parties formed 6.34 per cent. of the turnover of the Company in 2011. The transactions set out below are those that the Group's management considers to be related party transactions within the meaning prescribed in Chapter 11 of the Listing Rules. The Previous Related Party Transactions are summarised below.

Entities under common control are those under the control of Kostyantyn Zhevago. Associated companies relate to TIS Ruda LLC, in which the Group holds an interest of 48.6 per cent. This is the only associated company of the Group. Other Related Parties are principally those entities controlled by Anatoly Trefilov and Olexander Moroz. Anatoly Trefilov is a member of the supervisory board of OJSC Ferrexpo Poltava Mining whereas Olexander Moroz resigned as supervisory board member as of 14 May 2010. All transactions taking place with the companies controlled by Olexander Moroz up to 31 May 2011, being within one year of his resignation from the supervisory board, are considered to be transactions with a related party for the financial year 2011.

Revenue, expenses, finance income and finance costs

Related party transactions entered into by the Group during the periods presented are summarised in the following tables (the information in the tables is incorporated by reference, see paragraph 10 (*information incorporated by reference*) of this section):

US\$ 000	Period ended 31 March 2012 Unaudited			Year ended 31 December 2011 Audited			Year ended 31 December 2010 Audited		
	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Other sales ^a	767	506	5	6,718	-	1,783	1,398	951	2,263
Total revenue	767	506	5	6,718	-	1,783	1,398	951	2,263
Materials ^b	1,333	-	-	4,638	-	8,731	4,232	-	15,224
Purchased concentrate and other items for resale ^c	5,285	-	-	24,891	-	-	104,367	-	-
Spare parts and consumables ^d	1,644	-	-	4,726	-	-	2,794	-	-
Fuel ^e	1,374	-	-	7,980	-	-	-	-	-
Gas ^e	-	-	-	15,455	-	-	14,432	-	-
Total related party transactions within expenses	9,636	-	-	57,690	-	8,731	125,825	-	15,224
Selling and distribution ^f	-	5,676	2,401	-	16,674	13,470	-	7,411	18,496
General and administration expenses ^g	2,932	-	11	7,767	-	15	4,813	-	22
Total related party transactions within expenses	12,568	5,676	2,411	65,457	16,674	22,216	130,638	7,411	33,742
Finance income ^h	212	-	-	899	9	-	964	96	-
Finance costs ^h	-594	-	-	-411	-	-	-443	-	-
Net related party finance (costs)/income	-382	-	-	488	9	-	521	96	-

Ferrexpo plc

Notes:

Entities under common control

The Group entered into various related party transactions with entities under common control. A description of the material transactions, all of which were carried out on an arm's length basis in the normal course of business for the members of the Group (see note 1), are listed below:

- a Sales of power, steam and water and other materials to Kisorod PCC for US\$198 thousand (31 December 2011: US\$2,218 thousand; 31 December 2010: US\$181 thousand) and US\$452 thousand to Vorskla Steel Ltd. for the sale of sand (31 December 2011: US\$548 thousand; 31 December 2010: nil). Other sales as of 31 December 2011 comprised of tolling fees of US\$2,622 thousand paid by Vostok Ruda Ltd. to OJSC Ferrexpo Poltava Mining for the production of pellets (2010: nil). No pellets were produced under the tolling scheme in the first three months of the financial year 2012.
- b Purchases of compressed air and oxygen from Kisorod PCC for US\$1,193 thousand (31 December 2011: US\$4,033 thousand; 31 December 2010: US\$3,667 thousand).
- c Purchases of concentrate and other items for resale from Vostok Ruda Ltd. in the amount of US\$5,285 thousand (31 December 2011: US\$12,728 thousand; 31 December 2010: US\$11,700 thousand).
- c No purchases of merchant concentrate from Vostok Ruda Ltd. as of 31 March 2012 (31 December 2011: US\$7,458 thousand; 31 December 2010: US\$92,667 thousand). Vostok Ruda Ltd. earned fees on the purchase and resale for this concentrate amounting to US\$10 thousand as of 31 December 2011 (31 December 2010: US\$140 thousand). This covered costs incurred procuring and delivering third party merchant concentrate supplied.
- c Handling commissions to SIA Wellmark Latvia amounting to US\$35 thousand and US\$69 thousand as of 31 December 2011 and 2010 respectively for the purchase of goods. No such handling commissions as of 31 March 2012.
- d Purchases of spare parts from AutoKraZ Holding Co. in the amount of US\$1,403 thousand (31 December 2011: US\$1,456 thousand; 31 December 2010: nil).
- d Purchases of spare parts from OJSC Berdichev Machine-Building Plant Progress of US\$152 thousand (31 December 2011: US\$1,017 thousand; 31 December 2010: nil).
- d Purchases of spare parts from Valsa GTV of US\$22 thousand (31 December 2011: US\$541 thousand; 31 December 2010: US\$ 553 thousand).
- d Purchase of spare parts from Komsomolsk Cogeneration Company LLC in the amount of US\$736 thousand as of 31 December 2011 (31 December 2010: nil). No procurement from Komsomolsk Company LLC as of 31 March 2012.
- e Purchases of fuel for US\$1,374 thousand (31 December 2011: US\$7,980 thousand; 31 December 2010: nil). No procurement of gas during the first three months of the financial year 2012 from OJSC Ukrzakordongeologia (31 December 2011: US\$15,455 thousand; 31 December 2010: US\$14,432 thousand).
- g Purchases from FC Vorskla for advertisement, marketing and general public relation services for US\$2,374 thousand (31 December 2011: US\$6,536 thousand; 31 December 2010: US\$3,313 thousand).
- h Transactional banking services received from Bank Finance & Credit (Bank F&C). Finance income and expenses relate to these transactional banking services. Further information is provided under transactional banking arrangements below.

Associated companies

The Group entered into related party transactions with its Associated Company, TIS Ruda LLC, which were carried out on an arm's length basis in the normal course of business for the members of the Group (see note 1). These are described below:

- f Purchases of logistics services in the amount of US\$5,676 thousand (31 December 2011: US\$16,674 thousand; 31 December 2010: US\$7,411 thousand) relating to port operations, including port charges, handling costs, agent commissions and storage costs.

Other related parties

The Group entered into various transactions with other related parties. Descriptions of the material transactions are below:

- a Sales of scrap metal to Ferolit amounting to US\$1,201 thousand and other sales of US\$509 thousand as of 31 December 2011 (31 December 2010: US\$2,193 thousand and US\$30 thousand respectively). Ferolit is no longer a related party to the Group due to the resignation of Olexander Moroz as supervisory board member of OJSC Ferrexpo Poltava Mining in May 2010.
- b Purchases of cast iron grinding bodies from Ferolit for US\$8,475 thousand as of 31 December 2011 (2010: US\$14,946 thousand). As mentioned above, Ferolit is no longer a related party to the Group.
- f Purchases of logistics management services from Slavutich Ruda Ltd relating to customs clearance services and the coordination of rail transit. Total billings amounted to US\$2,401 thousand (31 December 2011: US\$13,470 thousand; 31 December 2010: US\$18,294 thousand). Slavutich Ruda Ltd. earned commission income of US\$502 thousand on these services (31 December 2011: US\$809 thousand; 31 December 2010: US\$755 thousand).
- g Purchases of legal services from Kuoni Attorneys at Law Ltd. amounting to US\$11 thousand as of 31 March 2012 (31 December 2011: US\$12 thousand; 31 December 2010: US\$119 thousand). No services were provided by Wolfram Kuoni directly. All services were provided on an arm's length basis by other members of Kuoni Attorneys at Law Ltd.

Sale and purchases of property, plant and equipment and investments

	Period ended 31 March 2012			Year ended 31 December 2011			Year ended 31 December 2010		
	Unaudited			Audited			Audited		
US\$ 000	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Purchase of property plant and equipment	779	-	-	14,655	-	-	22,459	-	-

Notes:

- i During the first three months of the financial year 2012, the Group procured design documentation work from DIOS in the amount of US\$639 thousand and project management services from Vorskla Steel LLC. for US\$140 thousand..
- ii During the financial year 2011, the Group entered into the following transactions with related parties that were not of a revenue nature, but were in the normal course of business. As such, these transactions were subject to an independent confirmation that the terms are fair and reasonable in accordance with the requirements of the UK Listing Rules. Additionally, in the case of the transaction in respect of the purchase of up to 1,000 rail cars, shareholder approval was obtained on 15 March 2011. The transactions subject to fairness opinion are listed below:
 - In December 2011, the Group purchased two dust filters from OJSC Berdichev Machine-Building Plant Progress for the pellet production plant amounting to US\$438 thousand.
 - In November 2011, the Group entered into another agreement with OJSC DIOS for the procurement of engineering design services in the amount of US\$739 thousand.
 - In September 2011, the Group purchased 12 dumper rail cars from OJSC Stahanov Rail Cars Plant in the amount of US\$1,756 thousand.
 - In August 2011, design services in relation to the conversion of a vessel were provided by Zaliv Ship Design LLC in the amount of US\$483 thousand.
 - In June 2011, project management services in the amount of US\$105 thousand were procured from Vorskla Steel Ltd. in connection with the construction of service facilities.
 - In May 2011, the Group entered into an agreement for the purchase of equipment for the crushing and beneficiation plants from CJSC Kiev Shipbuilding and Ship Repair Plant (KSRSSZ) in the amount of US\$493 thousand. Orders were also placed for three press-filters in the amount of US\$8,991 thousand from OJSC Berdichev Machine-Building Plant Progress.
 - In April 2011, the Group entered into an agreement for engineering services to be provided by OJSC DIOS in the amount of US\$1,650 thousand for the upgrade of the crushing and concentrating equipment.
 - The purchase of 400 rail cars, with an option to purchase an additional 600 rail cars, was approved by the general meeting of the shareholders on 15 March 2011. In March and April 2011, this authority was used to purchase 112 rail cars from OJSC Stahanov Rail Cars Plant, amounting to US\$7,950 thousand. In October and December 2011, another 600 rail cars, amounting to US\$40,800 thousand were ordered from OJSC Stahanov Rail Cars Plant, leaving a balance still to be purchased under this authority of 288 rail cars for up to US\$34,560 thousand.
- iii Between August and December 2010, the Group purchased 300 rail cars from Trading House Wagonplant LLC in the amount of US\$17,500 thousand and conducted drilling programmes by OJSC Donbasgeology at the Northern deposit of OJSC Ferrexpo Poltava Mining and at LLC Ferrexpo Belanovo GOK, amounting to US\$4,959 thousand.

Balances with related parties

The outstanding balances, as a result of transactions with related parties, for the periods presented are shown in the table below:

	As at 31 March 2012			As at 31 December 2011			As at 31 December 2010		
	unaudited			audited			audited		
US\$ 000	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties	Entities under common control	Associated companies	Other related parties
Investments available-for-sale ^l	1,667	-	-	1,286	-	-	3,353	-	-
Prepayments for property, plant and equipment ^k	23,868	-	-	29,080	-	-	182	-	-
Total non-current assets	25,535	-	-	30,366	-	-	3,535	-	-
Loans ^l	-	-	-	-	-	-	-	1,000	-
Trade and other receivables ^m	1,773	107	3	1,262	1,981	6	514	203	15
Prepayments and other current assets ⁿ	1,368	-	459	414	-	279	95	27	1
Cash and cash equivalents ^o	127,029	-	-	94,933	-	-	156,807	-	-
Total current assets	130,170	107	462	96,609	1,981	285	157,416	1,230	16
Trade and other payables ^p	1,874	484	421	2,151	549	515	1,563	12	1,668
Current liabilities	1,874	484	421	2,151	549	515	1,563	12	1,668

Notes:

Entities under common control

- j The balance of the investments available-for sale comprised shareholdings in OJSC Stahanov Rail Cars Plant (3.14%) and Vostok Ruda Ltd. (1.10%). The ultimate beneficiary of these companies is Kostyantyn Zhevago. OJSC Stahanov Rail Cars Plant is further listed on the Ukrainian stock exchange. The changes of the values in the table above are related to fair value adjustments recorded during the respective reporting periods. The shareholdings for all investments remained unchanged during the periods disclosed above. The investment in LLC

Atol was subject to an additional impairment of US\$2,124 thousand recorded as of 30 June 2010, resulting in a full impairment of this investment.

- k Prepayments of US\$23,407 thousand were made to OJSC Stahanov Rail Cars Plant in relation to the purchase of rail cars (31 December 2011: US\$28,705 thousand; 31 December 2010: nil) and prepayments of US\$249 thousand were made to DIOS (31 December 2011: US\$302 thousand; 31 December 2010: nil) for engineering design services. The prepaid rail cars will be delivered between January and May 2012.
- m As of 31 March 2012, trade and other receivables included outstanding amounts due from Vorskla Steel Ltd. of US\$1,388 thousand (31 December 2011: US\$828 thousand; 31 December 2010: nil) in relation to other sales and US\$334 thousand (31 December 2011: US\$349 thousand; 31 December 2010: US\$311 thousand) from Kislorod PCC for the sale of power, steam and water.
- n Prepayments and other current assets relate mainly to advance payments of US\$801 thousand to OJSC Ukrzakordongeologia for fuel (31 December 2011: nil; 31 December 2010: nil) and US\$148 thousand to OJSC Berdichev Machine-Building Plant Progress for spare parts (31 December 2011: US\$194 thousand; 31 December 2010: nil). Advance payments are in the normal course as requested by any third party suppliers in the Ukraine.
- o As of 31 March 2012 cash and cash equivalents with Bank F&C were US\$127,029 thousand (31 December 2011: US\$94,933 thousand; 31 December 2010: US\$156,807 thousand). Further information is provided under Transactional banking arrangements below.
- p Trade and other payables amounting to US\$530 thousand for compressed air and oxygen purchased from Kislorod PCC (31 December 2011: US\$535 thousand; 31 December 2010: US\$416 thousand) and US\$1,088 thousand in relation to the purchase of rail cars from OJSC Stahanov Rail Cars Plant (31 December 2011: nil; 31 December 2010: nil). The balance of trade and other payables as of 31 December 2011 comprised US\$1,276 thousand due to Vostok Ruda Ltd. and is related to purchased concentrate (31 December 2010: US\$1,013 thousand).

Associated companies

- l The remaining outstanding amount of the loans granted to TIS Ruda LLC in 2007 and 2008 was fully repaid in March 2011.
- m Other receivables as of 31 December 2011 comprised a declared dividend due from TIS Ruda LLC in the amount of US\$1,749 thousand (2010: US\$nil). This dividend receivable was collected in the first two months of the financial year 2012.

Other related parties

- n Prepayments and other current assets relate to advance payments of US\$459 thousand to Slavutich Ruda Ltd. for distribution services (31 December 2011: US\$279 thousand; 31 December 2010: US\$1 thousand). Advance payments are in the normal course as requested by any third party suppliers in the Ukraine.
- p Trade and other payables amounting to US\$421 thousand as of 31 March 2012 are in respect of distribution services provided by Slavutich Ruda Ltd. (31 December 2011: US\$515 thousand; 31 December 2010: US\$373 thousand). US\$1,291 thousand of the balance of trade and other payables as of 31 December 2010 related to purchased material from Ferolit.

6. Transactional banking arrangements

The Group has transactional banking arrangements with Bank Finance & Credit (**Bank F&C**) in Ukraine which is under common control of the majority shareholder of Ferrexpo plc. Finance income and finance costs are disclosed in the table above. The Group entered into a multi-currency revolving loan facility agreement in April 2007 with Bank F&C which expired on 16 April 2010 and has been extended to 16 April 2013 upon the same terms and conditions, except for two changes. The maximum facility limit has been increased from UAH 50,500 thousand to UAH 80,000 thousand (US\$10,008 thousand at the exchange rate as of 31 March 2012) and the interest rates increased for Ukrainian Hryvnia advances from 16 per cent. to 18 per cent. per annum. The total value of pledges for this loan facility is US\$10,603 thousand (31 December 2011: US\$10,608 thousand; 31 December 2010: US\$11,266 thousand).

Bank F&C provides mortgages and loans to employees of the Group for the acquisition, construction and renovation of apartments in Ukraine. This is part of a social loyalty programme started by the Group in December 2011 allowing the employees of the Group to receive borrowings at preferential interest rates. OJSC Ferrexpo Poltava Mining acts as a guarantor for the bank's borrowings to the employees of the Group and thus deposited US\$1,500 thousand at Bank F&C. The interest rate margin earned by Bank F&C covers the costs to administer the mortgages and loans. Detailed information on the social loyalty programme is provided in the Corporate Social Responsibility Review section of this Annual Report.

7. Significant change

There has been no significant change in the financial or trading position of the Company since 31 December 2011, the date to which the last audited financial information for the Company

was prepared, save for the information presented below, as disclosed in the Company's Interim Management Statement for the period from 1 January 2012 to 31 March 2012 (the **IMS**), which was published today:

- i. the average realised price in 1Q 2012 was around 7% lower compared to the same period in 2011 reflecting customer mix and lower market prices; and
- ii. the Group's C1 cash cost of production was \$59.4 in Q1 2012, an increase of 17.2% compared to the average for 2011 full year. This has been driven by higher oil prices and local Producer Price Inflation. The Group continues to mitigate these increases through its business improvement programme and by increasing production from own ore.

8. Consents

J.P. Morgan Cazenove has given, and has not withdrawn, its written consent to the issue of this document with the inclusion in this document of its name in the form and context in which it appears.

9. Documents available for inspection

Documents are available for inspection as described in note 10 to the Notice on page 18.

10. Information incorporated by reference

The information regarding the Relationship Agreement on pages 188 and 189 of the Prospectus and the information regarding related party transactions on pages 107 to 110 of the Ferrexpo plc audited consolidated accounts for the year ended 31 December 2011 has been incorporated into this document by reference at pages 26 to 29 and can be viewed by Shareholders at the Company's registered office and has also been lodged with the UK Listing Authority.

20 April 2012

APPENDIX 3

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

Board	the board of Directors of the Company
CIS	Commonwealth of Independent States
Company or Ferrexpo	Ferrexpo plc, a public company incorporated in England and Wales with limited liability
CREST Manual	the manual, as amended from time to time, produced by Euroclear UK & Ireland Limited describing the CREST system and supplied by Euroclear UK & Ireland Limited to users and participants thereof
CREST	the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755)
Directors	the directors of the Company from time to time
Disclosure and Transparency Rules	the disclosure rules and transparency rules made by the FSA under Part VI of FSMA
Dollars, USD or US\$	the lawful currency of the United States of America
Fevamotinic	Fevamotinic Société à responsabilité limitée, a company incorporated in Luxembourg with limited liability
Form of Proxy	the form of proxy for use by the Shareholders in relation to voting at the Annual General Meeting
FPM	Ferrexpo Poltava GOK Corporation
FSA	the Financial Services Authority
FSMA	the Financial Services and Markets Act 2000 (as amended)
Group	the Company and its subsidiaries
Hryvnia or UAH	the lawful currency of Ukraine
Independent Shareholder	a Shareholder other than Fevamotinic and any of Mr Zhevago's other associates as defined under the Listing Rules
Independent Directors	all of the members of the Board other than Mr Zhevago
J.P. Morgan Cazenove	J.P. Morgan Limited (which conducts its UK investment banking activities as J.P. Morgan Cazenove)
Listing Rules	the listing rules made by the FSA under Part VI of FSMA
London Stock Exchange	London Stock Exchange plc

Mr Zhevago	Kostyantyn Zhevago
NBU Rate	the base rate of interest of the National Bank of Ukraine
Ordinary Shares	the shares of £0.10 each in the capital of the Company
Percentage Ratio	has the meaning given to it in the Listing Rules
Previous Related Party Transactions	the relevant related party transactions entered into between the Group and associates of Mr Zhevago within the previous 12 months (details of which are set out in Appendix 2)
Proposed Transaction	the proposed transaction between FPM and the Supplier pursuant to, and on the terms and conditions contained in the Purchase Agreement as more particularly described in the explanatory notes to resolution 18 set out on pages 13 to 17 and Appendix 1
Prospectus	the prospectus of the Company dated June 2007
Prospectus Rules	United Kingdom Listing Authority prospectus rules
Purchase Agreement	the conditional contract between FPM and the Supplier regarding an option to purchase up to 500 newly built closed rail car wagons, dated 20 April 2012
Registered Office	the registered office of the Company, being 2-4 King Street, London SW1Y 6QL
Registrar	Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Relationship Agreement	the relationship agreement between Fevamotnico, The Minco Trust, Mr Zhevago and the Company dated 15 June 2007 as amended by a deed dated 29 October 2008
resolution 18	resolution 18 set out in the Notice
Shareholder	a holder of Ordinary Shares from time to time
Supplier	OJSC Stahanov Rail Cars Plant



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