



*Ferrum Crescent Limited*

31 January 2017

## **Ferrum Crescent Limited**

("Ferrum Crescent", the "Company" or the "Group")(ASX, AIM, JSE: FCR)

### **Quarterly Activities and Cashflow Report For the period ended 31 December 2016**

#### **Highlights**

##### **Moonlight Iron Project**

- Desktop studies and independent metallurgical and pelletising analysis completed on new Moonlight magnetite concentrate
- Infrastructure development discussions held with Lephalale Regional Development Forum
  - Shared regional development pathways assessed with other mining groups
  - Infrastructure logistics under discussion include power, rail and water
  - Part of the "Presidential Infrastructure Programme"
- Annual Corporate and Social Responsibility report completed and filed
- Participation in the Lephalale Municipality schools bursary scheme

##### **Spanish lead-zinc exploration projects**

- Completion of the field geology unit for the Group's wholly-owned Toral lead-zinc project, comprising six professionals and the requisite mapping and sampling equipment
- Exploration programme commenced at the Toral project, including:-
  - Structured reinterpretation and analysis of the original foreign and historic geological and exploration data
  - Creation of a revised geological model incorporating existing data
  - Detailed mapping and sampling over 2km of strike
  - Submission for assay of 577 soil samples, 108 rock chip samples and 23 channel samples
- Generation of a highly-targeted drill plan, focused on high-grade near-surface ore shoots linking known surface occurrences to the known high-grade mineralisation at depth, for drill testing in 2017

##### **Corporate**

- £550,000 raised through a share placement with the net proceeds to be utilised for the group's general working capital purposes and the progression of its principal metals projects

- A further 769,231 new ordinary shares issued pursuant to the exercise of certain options at a price of 0.165 pence per share
- Cash balance at the end of the quarter: A\$1,293,410

### Post Quarter End

- As announced on 16 January 2017, Business Venture Investments No. 1709 (Proprietary) Limited (“BVI”) did not complete Phase 1 of the bankable feasibility study (“BFS”) in accordance with the terms of its farm-in and joint venture agreement (“Agreement”) and the extended deadline of 12 January 2017. The Company, whilst reserving its rights under the Agreement, is in ongoing discussions with BVI and is considering its options in relation to the potential development of the Moonlight Project
- Further cost controls implemented in South Africa
- Laurence Read appointed as a Non-Executive Director, following Klaus Borowski’s resignation as a Non-Executive Director to pursue other interests

### Exploration Interests

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 December 2016:

#### 1. Listing of tenements held:

Project	Location	Right Number	Right Status	Holder	Percentage Interest
Moonlight	Limpopo Province, South Africa	30/5/1/2/2/201 MR	Mining Right Granted	Ferrum Iron Ore (Pty) Ltd	97%
Moonlight	Limpopo Province, South Africa	LP30/6/1/1/2/11868PR	Prospecting Right Application	Ferrum Iron Ore (Pty) Ltd	97%
Toral	León Province, Spain	15.199	Investigation Permit	GoldQuest Iberica, S.L.	100%
Lago	Galicia Province, Spain	Lago II 6.056 Lago III 6.058	Lago II Exploration Permit Lago III Investigation Permit	GoldQuest Iberica, S.L.	100%

No tenements were disposed of or acquired during the quarter.

**Justin Tooth, Executive Chairman of Ferrum Crescent, today commented:**

*“The final quarter of 2016 was a pivotal point for the Company as we began exploration activities at our newly acquired Toral lead-zinc project in Northern Spain. With a dedicated Project Manager, Merlin Marr-Johnson, and a fully-equipped field geology team now in place, we have swiftly progressed our planned work programme, including the recent submission of over six hundred soil, rock chip and channel samples for assay and the generation of our Phase One drill plan.*

*“In South Africa, we continue to assess options for the potential development of the group’s Moonlight Project, whilst at the corporate level most recently we were pleased to welcome Laurence Read to the Board and to wish Klaus Borowski well in his retirement. We now have a strong team in place and I look forward to updating the market on our operational progress in due course.”*

For further information on the Company, please visit [www.ferrumcrescent.com](http://www.ferrumcrescent.com) or contact:

**Ferrum Crescent Limited**

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*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014.*

## Notes to Editors:

### Further Information on the Spanish lead-zinc Exploration Projects

#### *Toral Project*

The wholly owned Toral zinc-lead-silver permit is located near Ponferrada in the west of the province of León, Autonomous Community of Castile and León, Spain approximately 400km northwest of Madrid.

The Toral Project has been extensively explored historically by its previous owners Portex Minerals Inc. and Lundin Mining S.L. and the 2,024ha of mineral rights contains extensive high grade zinc mineralisation. Located in north-west Spain, approximately 400km north-west of Madrid, the project's licence area hosts excellent road, rail and power infrastructure and is situated in a known historic mining jurisdiction. The asset also has a pre-existing NI 43-101 resource estimate reported by Micon International Co. Limited on 30 April 2012 (the "NI 43-101 Report"). The NI 43-101 Report estimated that the project has a NI 43-101 compliant Inferred and Indicated foreign resource estimate of 8.71Mt at an economic cut-off grade of 7% Pb + Zn (as set out in the Company's announcement of 10 November 2016).

#### *Lago Project*

The Lago Project is located approximately 54km to the north-east of the Toral Project. Historical investigations completed by or on behalf of the Spanish mining firm, Exploracion Minera Internacional Espana S.A. ("EXMINESA"), between 1985 and 1990, indicated that mineralisation at the Lago Project may be similar to that encountered at the Toral Project with vertical, lenticular bodies (probably more than one) approximately 800m long by 300m wide.

#### *2016 Spanish work programme overview*

- Analysis and re-interpretation of existing historic data on the Company's Spanish Exploration Projects commenced in September 2016.
- Planned work programme comprises:
  - re-mapping of the main Toral Project area applying re-interpreted historical geological understanding of the regional controls on mineralisation;
  - in-fill surveys over the main prospect area where detailed soil geochemistry has not previously been conducted;
  - structural mapping of the existing adits, outcrop and the nearby mineralisation occurrences in order to gauge the balance between local (not fully tested) and regional (well documented) controls on mineralisation;
  - re-logging of historical drill-core and re-assaying of areas where incomplete assays were taken previously in order to seek to identify potential new shallow high grade targets at the Toral Project;
  - creation of a revised geological model incorporating existing and new geological data (geochemistry, structural interpretation, assays, logs, maps); and
  - generation of a highly targeted drill plan, focused on high-grade near surface ore shoots linking known surface occurrences and known high-grade mineralisation at depth, for testing in 2017.

## Further Information on the Moonlight Project, South Africa

Ferrum Crescent's Moonlight Iron Project is located in Limpopo Province in the north of South Africa. The Moonlight Deposit (upon which the Project is based) is a magnetite deposit located on the Moonlight, Gouda Fontein and Julietta farms and is the main operational focus for the Company. Iscor Limited ("Iscor"), which explored the Project in the 1980s and 1990s, reported mineralisation capable of producing a concentrate grading at 68.7% iron. At that time, Iscor concluded that the deposit, which was described as being comparable to the world's best, was easily mineable due to its low waste-to-ore ratio. The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

Metallurgical tests on Moonlight material, undertaken since then by Ferrum Crescent, suggest that Iscor's historical results are conservative, that good metal recoveries can be achieved, and that the resulting concentrates have a high iron content and only negligible impurities, at grind sizes considered to be industry standard (P80 of 75 - 125 microns).

Key features of the project to date are:

- JORC (2012) compliant Mineral Resource;
- Historical drilling, drilling by the Group, geological modelling and a high density geophysical survey conducted by the Company in 2012 confirm tonnage upside potential;
- 30 year Mining Right granted;
- Environmental licence (EIA) in place for the Moonlight mining area (approved 4 April 2013);
- Metallurgical test work indicates the potential for high quality concentrate and/or pellets with in excess of 69% iron content and low deleterious elements (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- The quality of product that can potentially be produced at Moonlight is a clear differentiator against its industry peers, as is the access to infrastructure (port, power and rail);
- Duferco offtake partner (4.5 Mtpa plus first right on a further 1.5 Mtpa if not sold domestically). South Africa currently has a growing demand for high grade iron concentrate and/or pellets for its steel industry;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power plant (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for potential export of future iron ore products; and
- Local community, Ga-Seleka, has an effective 3% carried interest in the Moonlight Project.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

Ferrum Crescent Limited

**ABN**

58 097 532 137

**Quarter ended ("current quarter")**

31 December 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(78)	(98)
(b) development		
(c) production		
(d) staff costs	(92)	(184)
(e) administration and corporate costs	(462)	(780)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(632)</b>	<b>(1,062)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	(37)	(928)
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	(2)	(2)
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(39)</b>	<b>(930)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	934	2,828
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(130)	(222)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>804</b>	<b>2,606</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,162	743
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(632)	(1,062)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(39)	(930)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	804	2,606
4.5	Effect of movement in exchange rates on cash held	(2)	(64)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,293</b>	<b>1,293</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,293	1,162
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,293</b>	<b>1,162</b>

**6. Payments to directors of the entity and their associates****Current quarter  
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

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6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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**7. Payments to related entities of the entity and their associates****Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	139
9.2 Development	
9.3 Production	
9.4 Staff costs	188
9.5 Administration and corporate costs	238
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>565</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 31 January 2017

Print name: Grant Button  
Company Secretary

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.