

Ferrum Crescent Limited

ACN 097 532 137

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT TO SHAREHOLDERS

FOR A GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON
21 June 2010 at the Celtic Club Inc,
48 Ord Street, West Perth WA 6005 at 10am (Perth time)

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay (and no later than 48 hours before the meeting) to Computershare Investor Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001, Australia, or by facsimile on facsimile number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

NOTICE IS HEREBY GIVEN that a General Meeting of the members of FERRUM CRESCENT LIMITED (“**Ferrum**” or “**the Company**”) will be held on the date and at the location and time specified below:

DATE: 21 June 2010

LOCATION: Celtic Club Inc, 48 Ord Street, West Perth WA 6005

TIME: 10am (Perth time)

BUSINESS: The business to be transacted at the General Meeting is the proposal of the Resolutions set out below:

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of Shareholders of Ferrum Crescent Limited will be held at 10am (Perth time) on 21 June 2010 at the Celtic Club Inc, 48 Ord Street, West Perth WA 6005.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

Proxies:

Please note that:

- a. a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b. a proxy need not be a member of the Company;
- c. a Shareholder may appoint a body corporate or an individual as its proxy;
- d. a body corporate appointed as a Shareholders proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- e. Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the total votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the proxy form enclosed and either:

- a. deliver the proxy form by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia;
- b. fax the form to Computershare Investor Services Pty Limited on facsimile number +1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

so that it is received not later than 10am (Perth time) on 19 June 2010. Proxy forms received later than this time will be invalid.

Your proxy form is enclosed as a separate document.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Ferrum Crescent Limited will be held at 10am (Perth time) on 21 June 2010 at the Celtic Club Inc, 48 Ord Street, West Perth WA 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at the close of business on the day which is 2 days before the date of the General Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

RESOLUTION 1 – CANCELLATION OF LISTED OPTIONS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rules 6.23.2, 7.1, 10.1 and 10.11 and for all other purposes, Shareholders approve and authorise the cancellation by the Company of up to 101,616,729 listed Options to subscribe for Shares, in consideration of the allotment and issue of up to 10,161,673 Shares on the basis of an offer of one (1) Share for every ten (10) listed Options held by Optionholders and cancelled (and otherwise on the terms and conditions set out in the Explanatory Statement).”

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who holds an Option that is the subject of this resolution and who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 – FUTURE ISSUE OF SECURITIES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the Company to allot and issue up to 50,000,000 Shares at an issue price which is at least 80% of the average market price for the Company's Shares on the ASX over the 5 trading days preceding the date on which the issue is made (or if issued pursuant to a disclosure document, over the last 5 trading days on which sales were recorded before the date of the disclosure document) and otherwise on the terms and conditions set out in the Explanatory Statement.”

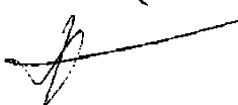
FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD



Robert Hair
Company Secretary

DATED 14 May 2010

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

NOTES

A member entitled to vote at this General Meeting is entitled to appoint a proxy to attend and vote for the member at the General Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the General Meeting the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the members votes each proxy may exercise, each proxy may exercise half of the votes. A proxy form accompanies this booklet.

For the purposes of determining voting entitlements at this General Meeting, Shares will be taken to be held by persons who are registered as holding Shares at 5.00pm (Perth time) on the day which is 2 days before the date of the General Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

FERRUM CRESCENT LIMITED
ACN 097 532 137

NOTICE OF MEETING

**EXPLANATORY STATEMENT
TO SHAREHOLDERS**

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Ferrum Crescent Limited in connection with Resolutions 1 and 2 to be considered at the General Meeting of members to be held at the Celtic Club Inc, 48 Ord Street, West Perth WA 6005 at 10am (Perth time) on 21 June 2010.

This Explanatory Statement should be read in conjunction with the accompanying Notice of General Meeting. Please refer to the rear of this Explanatory Statement for the glossary of terms.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting. This Explanatory Statement contains important information and the Directors recommend that Shareholders read it (and the Notice of General Meeting) in full before making any decision in relation to the Resolutions.

If Shareholders have any questions in relation to the Resolutions, they can contact the Company Secretary on (08) 9477 3031.

A copy of this Notice of Meeting and Explanatory Statement was lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of these documents.

RESOLUTION 1 - CANCELLATION OF LISTED OPTIONS

1. Background

(a) Options issued pursuant to merger

On 17 September 2009, the Company announced to ASX that it had entered into a conditional Merger Agreement with what was then called Ferrum Crescent Limited ACN 128 777 444 (now called Ferrum Metals Limited) (**Ferrum Metals**) that would result in the acquisition by the Company of 100% of the issued capital of Ferrum Metals in consideration for an issue of securities in the Company.

The consideration for the acquisition of the issued capital of Ferrum Metals was as follows:

- The issue of fully paid ordinary shares in the Company to Ferrum Metals shareholders on the basis of 12 new Shares for every 10 Ferrum Metals shares acquired; and
- The issue of options in the Company to Ferrum Metals optionholders on the basis of 1 new Option for every 1 Ferrum Metals option acquired.

On 30 September 2009, the Company lodged a prospectus in relation to the issue of Shares and Options to the Ferrum Metals security holders.

On 30 November 2009, Shareholders approved the acquisition of Ferrum Metals at a general meeting (including pursuant to the requirements of the ASX listing rules) and shortly thereafter the Company issued 102,000,000 Shares and 52,187,500 Options. The Options were issued on (amongst others) the following terms:

- the Options have an exercise price of \$0.40 each; and
- the Options are exercisable on or before 31 December 2013.

Quotation was sought for these Options on ASX.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

(b) Options issued pursuant to entitlement offer

On 21 September 2009, the Company prepared and lodged another prospectus inviting existing Shareholders to participate in a pro-rata non-renounceable entitlements issue of 49,429,229 Options on the basis of 9 Options for every 10 Shares held at an issue price of 0.1 cents per Option on the same terms as the Options issued under the Ferrum Metals acquisition prospectus. This offer was underwritten.

Subsequently, on 5 and 9 November 2009, the Company announced the issue of 49,429,229 Options under the entitlement offer and associated shortfall offer. Quotation was also sought for these Options.

2. Proposal to cancel listed Options

As a result of the Share and Option issues referred to at 1(a) and (b) above, and as at the date of this Notice, the Company has 101,616,729 listed Options and 177,754,699 Shares on issue. If all listed Options on issue were exercised by their expiry date, the Company would have 279,371,428 million Shares on issue (assuming no other Options are exercised).

The Board has given consideration to the large number of Options on issue and believes that:

- a simplification of the Company's capital structure (by cancelling listed Options in return for Shares) would make FCR more attractive for investors in Australia and in other international jurisdictions, such as the Alternative Investments Market ("AIM") in London – and, as recently announced by the Company to ASX, while the Board has not yet resolved to proceed, the Company is considering applying for admission of its Shares for trading on the AIM market; and
- the potential for 101,616,729 Options to be exercised has (or may have) created the perception amongst some market participants of (and, the Company believes, is likely to be perceived in the AIM market as resulting in) an overhang of supply in the Company's Shares which may have a negative impact on the Company's Share price, and the removal of a portion of the Options on issue may alleviate this.

Therefore, and as also set out in the Company's recent ASX announcement, the Company proposes to make offers to holders of its listed Options to cancel those Options. In return, the Company's listed Optionholders will be offered a consideration of one fully paid Share in the Company for each 10 listed Options cancelled (rounded up to the nearest whole number of Shares in the case of a fractional entitlement). The Company also reserves the right not to make offers to (or to disregard any acceptances from) listed Optionholders who reside in jurisdictions where the Company believes it would be unlawful or unduly onerous for it to make an offer of its Shares.

The Company proposes to make offers to listed Optionholders (which will be contained in a prospectus – as it involves an offer of Shares) as soon as practicable. It is currently expected that offers will be made by 28 May 2010, and that those offers will close on or about 28 June 2010 (however, these dates are indicative only, and are subject to change). Each of those offers will be conditional upon Shareholders approving Resolution 1 at the General Meeting – if this Resolution is not passed, then each of those offers to listed Optionholders will lapse and be of no further force or effect (whether or not they have been accepted). As announced, the Company is likely to still consider applying for admission on AIM whether or not the Options offer proceeds (though believes the Company will be viewed more favourably by investors in that market if the capital structure of the Company can be streamlined by way of the proposed cancellation of Options).

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

If Shareholders pass the Resolution, and all Optionholders accept the cancellation offers, a maximum 10,161,673 Shares would be issued. However, there is no obligation on the part of Optionholders to accept and it is possible that some Optionholders may elect to retain their listed Options in the Company (or reside in foreign jurisdictions into which the Company cannot, or is unwilling to, make an offer of its Shares).

As required by the Listing Rules (given that some of the listed Options are held by Directors or other parties who are considered to be “related parties” of the Company), the Company has commissioned the Independent Expert, BDO, to consider whether the option cancellation proposal (and issue of Shares as consideration for such cancellation) is fair and reasonable to the non-associated Shareholders of the Company. The Independent Expert has concluded that the proposal is fair and reasonable to non-associated shareholders.

3. Financial impact of the proposal

The consolidated balance sheet of the Company as at 31 December 2009 (which has been the subject of an audit review) together with an unaudited pro forma consolidated balance sheet as at the same date is set out below.

The unaudited proforma balance sheet set out below has been provided to show the effect of the Option cancellation proposal as if it had been approved and fully implemented by 31 December 2009. This represents a hypothetical situation and does not reflect the actual financial position of the Company either at 31 December 2009 or as it is anticipated to be once (and if) the Option cancellation proposal takes effect. The unaudited proforma balance sheet should be read in conjunction with all accompanying notes and assumptions.

The unaudited proforma balance sheet includes the financial effect of the following transactions as if they had occurred on 31 December 2009:

- i. the issue of up to 10,161,673 Shares at a deemed fair value of 22.5 cents per share;
- ii. the cancellation of all listed Options; and
- iii. the payment of costs of \$35,000 in relation to the offer.

The following Company balance sheet (as at 31 December 2009) is intended to demonstrate the effect of the cancellation of all listed Options, by comparison of the Company’s actual balance sheet as at that date (as was subject to audit review and released to ASX) and a proforma balance sheet assuming the cancellation of all listed Options. Shareholders should note that the proforma balance sheet is indicative only and that Shareholders do not have the benefit of notes or other explanations of how items have been calculated.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

Ferrum Crescent Limited Audit reviewed and proforma balance sheets

As at 31 December 2009

	31-Dec 2009 – audit reviewed \$	31-Dec 2009 – proforma \$
Current Assets		
Cash and cash equivalents	1,933,971	1,918,971
Receivables	912,647	912,647
	2,846,618	2,831,618
Non-current Assets		
Plant and equipment	3,555	3,555
Available-for-sale-investments	2,920,960	2,920,960
Total Non-current Assets	2,924,515	2,924,515
Total Assets	5,771,133	5,756,133
Current Liabilities		
Trade and other payables	853,376	853,376
Total Current Liabilities	853,376	853,376
Total Liabilities	853,376	853,376
NET ASSETS	4,917,757	4,902,757
Equity		
Contributed equity	12,154,595	14,171,930
Reserves	2,471,040	438,705
Accumulated losses	(9,707,878)	(9,707,878)
TOTAL EQUITY	4,917,757	4,902,757

4. Impact of the proposal on capital structure

As at 14 May 2010, there were 103,015,729 Options on issue. Of these it is proposed to make offers to holders of, and seek to cancel up to, 101,615,729 listed Options. The balance of 1,400,000 Options are unlisted Options which are shortly to expire (1,000,000 on 31 May 2010 and the balance of 400,000 on 30 June 2010) and no offers are being made to the holders of those unlisted Options.

FERRUM CRESCENT LIMITED
ACN 097 532 137

NOTICE OF MEETING

The maximum effect of the Option cancellation proposal on the Company's issued share capital is set out in the table below.

	Shares on issue	Options
As at date of Notice	177,754,699	103,016,729
Listed Options to be cancelled (up to)		101,616,729
Unlisted Options		1,400,000
Consideration Shares (up to)	10,161,673	
Total	187,916,372	1,400,000

Shareholders should keep in mind that these numbers are likely to be affected by a number of factors, including that:

- Resolution 1 may not be passed, in which event no listed Options would be cancelled;
- some listed Optionholders may not accept the offer, and seek to retain their Options; and
- the Company may not make offers to, or recognise acceptances of the offer from, listed Optionholders in foreign jurisdictions if the Company believes that an issue of Shares to such persons would be unlawful or unduly onerous.

Depending upon the number of listed Optionholders who accept the option cancellation offer, the Company (in conjunction with ASX) will need to consider whether the balance of the Options should remain quoted on ASX (having regard to ASX requirements in respect of the number of holders and numbers of securities in a quoted class).

5. ASX Listing Rule requirements

By way of Resolution 1, approval is being sought from Optionholders under ASX Listing Rules 6.23.2, 7.1, 10.1 and 10.11. Each of those is discussed in turn.

(a) Listing Rule 6.23.2

ASX Listing Rule 6.23.2 provides that Options can only be cancelled for consideration if Shareholder approval has been obtained. Accordingly, the Company is seeking Shareholder approval under this listing rule to allow it to cancel up to 101,616,729 listed Options (pursuant to offers the Company proposes to make to those Optionholders) and issue up to 10,161,673 Shares as consideration for any listed Options so cancelled. The terms of the proposed offer to listed Optionholders are set out in greater detail above. As noted, any offers to the holders of listed Options will be conditional upon Shareholders passing Resolution 1.

The Company also has 1,400,000 unlisted Options on issue. No offer will be made in respect of these options, which are shortly to expire.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

(b) Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Directors to issue Shares in consideration for the cancellation of listed Options during the period of 3 months after the General Meeting (or a longer period, if allowed by the ASX), without using the Company's 15% annual placement capacity.

Information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided:

- a. the maximum number of Shares to be allotted and issued pursuant to Resolution 1 is 10,161,673;
- b. the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment of all Shares will occur on the same date;
- c. the issue price or consideration for the issue of the Shares will be the cancellation of listed Options (on the basis of 1 Share for every 10 listed Options held (and cancelled), with fractional entitlements (if any) rounded up to the nearest whole number of Shares);
- d. the allottees will be current listed Optionholders of the Company who accept the offer to cancel their Options;
- e. the Shares will be fully paid ordinary shares in the capital of the Company and be issued on the same terms and conditions as the Company's existing Shares; and
- f. no funds will be raised by the issue of the Shares. The Shares will be issued in consideration for the cancellation of listed Options (pursuant to offers to be made to the Optionholders) on the terms and conditions described above.

(c) Listing Rule 10.1

Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to, a related party.

A substantial asset is an asset valued at greater than 5% of the equity interests of the entity (as set out in its last accounts). Based on the Company's accounts at 31 December 2009, this 5% "substantial asset" threshold is approximately \$400,000.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

For the purposes of Listing Rule 10.1, Mr Nealon, Mr Griffin and Mr Nesongozwi (as current Directors of the Company) and Mr Whiddon (as a person who has been a director of the Company within the last 6 months) are each considered to be “related parties” of the Company, and they (or entities associated with them) hold listed Options as follows:

Director	No. of listed Options
Ed Nealon	450,000
Matodzi Nesongozwi	12,100,000
Adrian Griffin	995,038
Former Director	No. of listed Options
Glenn Whiddon	5,616,144
Total	19,161,182

Under the terms of the Option cancellation proposal, the cancellation of these 19,161,182 listed Options would result in the issue of approximately 1,916,118 Shares (in aggregate) to these persons (or entities associated with them). Based on recent trading prices of the Company's Shares on ASX, the value of 1,916,118 Shares would exceed the 5% “substantial asset” threshold referred to above.

ASX has advised the Company that it wishes to have the interests of these “related parties” aggregated for the purposes of ASX Listing Rule 10.1 (even though they would not necessarily otherwise be considered to be associates, or have their interests or holdings treated together in this manner). Accordingly, the Company is seeking Shareholder approval for the purpose of Listing Rule 10.1 to allow it to issue up to 1,916,118 Shares to Messrs Nealon, Nesongozwi, Griffin and Whiddon (or, as appropriate, to the entities associated with them that hold listed Options) if they accept the Option Cancellation offers that will be made to them.

In accordance with ASX Listing Rule 10.10, a report on this transaction has been commissioned from BDO, the Independent Expert. That report considered whether the cancellation of options held by the related parties referred to above (and the resultant issue of Shares as consideration for such cancellation) is fair and reasonable to the other Shareholders of the Company. The Independent Expert has concluded that such an Option cancellation and Share issue is fair and reasonable to the non-associated Shareholders.

In addition to Listing Rule 10.1, Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party, the company must first obtain the approval of its members unless the giving of the benefit falls within an exception in Chapter 2E. Section 210 is one of these exceptions and provides that member approval is not needed to give a financial benefit on terms that would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length.

The Directors (other than Messrs Nealon, Nesongozwi and Griffin, who abstained from consideration of this matter, given their interests as Option holders) consider that any financial benefit being offered to the related parties referred to above is on arm's lengths terms in that it is entirely consistent with offers to be made to non-related Optionholders, and accordingly separate member approval under Chapter 2E of the Corporations Act is not required.

Each of Messrs Nealon, Nesongozwi and Griffin has indicated to the Company that, subject to the passing of the Resolution, they intend to accept the Option cancellation offer in respect of all Options held or controlled by them.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

(d) Listing Rule 10.11

As noted above, some listed Options are held by certain persons who are currently considered to be related parties of the Company (or by entities associated with those persons) as follows:

Director	No. of Options
Ed Nealon	450,000
Matodzi Nesongozwi	12,100,000
Adrian Griffin	995,038
Former Director	No. of Options
Glenn Whiddon	5,616,144

The fact that these individuals (or entities associated with them) are related parties means that specific approval is required (for the purposes of ASX Listing Rule 10.11) to enable the Company to issue or agree to issue Shares to them.

Listing Rule 10.11 provides that, without Shareholder approval, a company may not issue equity securities (which includes Shares) to a related party. Approval is therefore sought to issue Mr Nealon, Mr Nesongozwi, Mr Griffin and Mr Whiddon (or their associated Optionholding entities) up to 1,916,119 Shares (as referred to above) in consideration of the cancellation of the listed Options held by them if they were to accept the Option cancellation offers that will be made to them. It is intended that these Shares will be issued at the same time as Shares issued to non-related parties. In any event any such Shares will be issued within one month of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Shares will rank equally with all Shares currently on issue.

Shareholders should note that approval under Listing Rule 10.11 is an exception to Listing Rule 7.1 (so that any Shares issued to Mr Nealon, Mr Nesongozwi, Mr Griffin or Mr Whiddon (or their associated Optionholding entities) will not count toward determination of the Company's 15% capacity under Listing Rule 7.1).

No funds will be raised by the Company from the issue of the Shares.

6. Directors' recommendation

The Directors (other than Mr Nealon, Mr Nesongozwi and Mr Griffin) recommend that Shareholders vote in favour of Resolution 1. Mr Nealon, Mr Nesongozwi and Mr Griffin, who have an interest in the outcome of the Resolution, decline to make a recommendation. Given his interest in the outcome of this Resolution, the Company's Chairman, Mr Nealon, will not Chair the meeting. It is currently intended that the meeting will be Chaired by Mr Huntly.

7. Voting exclusion

The Company will disregard any votes cast on Resolution 1 by a person who holds an Option that is the subject of this resolution and who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with those persons. However, the Company need not disregard a vote if it is cast by that person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

8. Further information

Further information about the Company (including its recent ASX announcement regarding an intention to seek admission to AIM and cancel listed Options) is available from ASX and from the Company's website (at www.ferrumcrescent.com).

In connection with the Option cancellation proposal, the Company will be releasing a prospectus setting out the terms of the offer to cancel listed Options (which prospectus will set out information about the Company). A copy of this document will be released to ASX when it is finalised.

The Company will also be releasing further information to ASX in respect of any proposed admission on AIM. That listing will be subject to approval from (inter alia) the relevant UK authorities, and there can be no guarantee that such listing will occur.

RESOLUTION 2 - FUTURE ISSUE OF SECURITIES

1. Background

As set out above, the Company is considering applying for admission of its Shares on AIM. The Board has not yet resolved to proceed with any application for admission to trading on AIM. However, if it does, it is likely to conduct a capital raising in the United Kingdom in conjunction with the application for admission to trading on AIM.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. As the number of Shares that the Company may wish to issue, if it proceeds with the proposed application for admission to trading on AIM, may exceed the 15% limit, Resolution 2 seeks Shareholder approval for the allotment and issue of 50,000,000 Shares in conjunction with any application for admission to trading on AIM (**Future Share Issue**).

The effect of Resolution 2 will be to allow the Directors to issue the Shares pursuant to the Future Share Issue during the period of 3 months after the General Meeting (or a longer period, if allowed by the ASX), without using the Company's 15% annual placement capacity. The Company will only issue Shares in accordance with Resolution 2 if the Company makes an application for admission of the Company's securities to trading on AIM.

2. Information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Future Share Issue:

- a. the maximum number of Shares to be allotted and issued pursuant to Resolution 2 is up to 50,000,000;
- b. the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment of all Shares will occur on the same date;

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

- c. the issue price of the Shares proposed to be allotted and issued will be a price which is at least 80% of the weighted average market price of the Company's Shares on ASX over the 5 trading days preceding the day on which the issue is made (or where issued pursuant to a disclosure document, over the last 5 trading days on which sales of Shares are recorded before the date of the disclosure document);
- d. the names of the allottees are not yet known. The Company will announce details of the allottees (or the basis on which they have been determined) once that information is available;
- e. the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- f. the Company intends to use the funds raised by the issue of the Shares for working capital purposes and specifically for the purposes of the Turquoise Moon Iron Project and studies in relation thereto.

3. Directors resolution

The Directors recommend that shareholders vote in favour of Resolution 2.

4. Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

FERRUM CRESCENT LIMITED

ACN 097 532 137

NOTICE OF MEETING

GLOSSARY

AIM	means the Alternative Investment Market (operated by the London Stock Exchange).
ASX	means ASX Limited or the market operated by it, as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
Board	means the board of directors of the Company.
BDO	means BDO Corporate Finance (WA) Pty Ltd, of 38 Station Road, Subiaco WA 6008.
Company	means Ferrum Crescent Limited (ACN 097 532 137).
Constitution	means the Constitution of the Company, as amended from time to time.
Corporations Act	means the Corporations Act 2001 (Cth).
Directors	means the current directors of the Company.
Explanatory Statement	means the explanatory statement accompanying the Notice of Meeting (and includes the Independent Expert's Report annexed to it).
Ferrum or Ferrum Crescent	means Ferrum Crescent Limited (ACN 097 532 137)
General Meeting or Meeting	means the meeting convened by the Notice of Meeting.
Independent Expert	means BDO.
Independent Expert's Report	means the report prepared by the Independent Expert.
Notice of Meeting	means this notice of general meeting including the Explanatory Statement.
Option	means an option to acquire a Share.
Optionholder	means the holder of listed Options.
Resolution	means a resolution set out in the Notice of Meeting.
Share	means a fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning.
Shareholder	means a holder of Shares in the Company.
\$	means Australian dollars.

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FERRUM CRESCENT LIMITED
Independent Expert's Report

12 May 2010







BDO Corporate Finance (WA) Pty Ltd
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PO Box 700 West Perth WA 6872
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ABN 27 124 031 045
AFS Licence No. 316158

Financial Services Guide

12 May 2010

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("BDO" or "we" or "us" or "ours" as appropriate) has been engaged by Ferrum Crescent Limited ("FCR") to provide an independent expert's report on whether or not the proposed issue of FCR shares to related parties in exchange for the cancellation of FCR listed options is fair and reasonable to the non-associated shareholders of the Company. You will be provided with a copy of our report as a retail client because you are a shareholder of FCR.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ♦ Who we are and how we can be contacted;
- ♦ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ♦ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ♦ Any relevant associations or relationships we have; and
- ♦ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

BDO CORPORATE FINANCE (WA) PTY LTD



Financial Services Guide

Page 2

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$18,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from FCR for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	3
4.	Outline of the Proposal	5
5.	Profile of Ferrum Crescent Limited	6
6.	Iron Ore Industry Analysis	10
7.	Valuation Approach Adopted	11
8.	Valuation of Ferrum Crescent Limited Shares	13
9.	Valuation of Ferrum Crescent Limited Listed Options	15
10.	Is the Proposal fair?	20
11.	Is the Proposal reasonable?	20
12.	Conclusion	21
13.	Sources of information	21
14.	Independence	22
15.	Qualifications	22
16.	Disclaimers and Consents	23
	Appendix 1 - Glossary	24
	Appendix 2 - Valuation Methodologies	25
	Appendix 3 - Comparable Companies	28
	Appendix 4 - Company Announcements	29



12 May 2010

The Directors
Ferrum Crescent Limited
Unit 1, 135 Great Eastern Highway
Rivervale WA 6103

Dear Sirs,

Independent Expert's Report

1. Introduction

The directors of Ferrum Crescent Limited ("FCR" or "the Company") have requested that BDO Corporate Finance (WA) Pty Ltd ("BDO") prepare an independent expert's report ("our Report") to express an opinion as to whether or not the Proposal to issue FCR shares to related parties in exchange for the cancellation of their options ("the Proposal") is fair and reasonable to the non-associated shareholders of FCR ("Shareholders") pursuant to ASX listing rule 10.1. The Proposal specifies that FCR option holders will receive one share for every 10 options cancelled.

2. Summary and Opinion

2.1 Purpose of the report

Our Report is prepared pursuant to ASX listing rule 10.1 and is to be included in the Explanatory Memorandum for FCR to be sent to all Shareholders to assist them in deciding whether to approve the Proposal.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 ("RG 111"), "Content of Expert's Reports" and Regulatory Guide 112 ("RG 112") "Independence of Experts".

In arriving at our opinion, we have assessed the terms of the Proposal as outlined in the body of this report. We have considered:

- How the value of the FCR shares offered under the Proposal compares to the value of the listed options to be cancelled;
- The likely implications to FCR if the Proposal does not proceed;
- Other factors which we consider to be relevant to the Shareholder in their assessment of the Proposal; and
- The position of Shareholders should the Proposal not proceed.

2.3 Opinion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is fair and reasonable to the Shareholders of FCR.



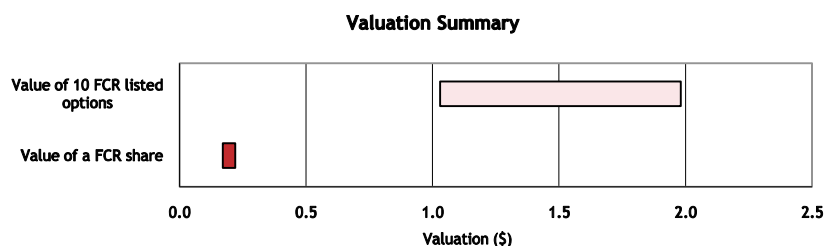
In our opinion, the Proposal is fair because the value of 10 FCR listed options exceeds the value of one FCR share. We also consider the Proposal to be reasonable because the advantages of the Proposal to the Shareholders are greater than the disadvantages.

2.4 Fairness

In Section 10 we determined how the value of one FCR share compares to the value of 10 FCR listed options under the Proposal as detailed hereunder.

	Section	Low value \$	High value \$
Value of an FCR share	8.1	0.17	0.22
Value of 10 FCR listed options	9.2	1.03	1.43

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Proposal is fair for Shareholders.

As explained in Section 9.1, given that the FCR listed options are highly illiquid, we do not consider that the quoted market price of the options properly reflects their fair values. The Black Scholes Option Pricing and Binomial Option Pricing methodologies are more appropriate in this instance as they provide a technical approach in determining the fair value of an FCR Listed Option. Therefore we have adopted this technical value of the FCR listed options in our assessment.

2.5 Reasonableness

We have considered the analysis in Section 11 of this report, in terms of both

- Advantages and disadvantages of the Proposal; and
- Alternatives, including the position of Shareholders if the Proposal does not proceed.

In our opinion, the position of Shareholders if the Proposal is approved is more advantageous than the position if the Proposal is not approved. Accordingly, in the absence of any other relevant information and/or a superior Proposal we believe that the Proposal is reasonable for Shareholders.



The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
11.2.1	The Proposal is fair	11.3.1	Loss of potential future capital funding.
11.2.2	Reduction of share dilution risk	11.3.2	Dilution guaranteed
11.2.3	Improve future capital raising ability		

Other key matters we have considered include:

Section	Description
11.1	No alternative proposals that we are aware of.

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts.

ASX Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity. The related parties associated with the Proposal are current and former directors of FCR with an interest in FCR. A break down of the related party interest in the Company is noted in the table below:

Option holders	Number of Options	% of Total Options Issued
Current Directors		
Ed Nealon	450,000	0.4%
Matodzi Nesongozwi	12,100,000	11.9%
Adrian Griffin	995,038	1.0%
Former Director		
Glenn Whiddon	5,616,144	5.5%
Total	19,161,182	18.9%

Source: Computershare



Messers Nealon, Nesongozwi, Griffin and Whiddon have been considered as a single entity for the purpose of considering whether a payment exceeds 5% of FCR's equity interest. Based on the 19,161,182 options in the table above being converted to 1,916,118 shares at a share price of \$0.22, the value of the consideration will be approximately \$421,546 which is more than 5% of FCR's equity interest at 31 December 2009 of approximately \$246,000.

ASX Listing Rule 10.10.2 requires the Notice of Meeting ("NoM") for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the Proposal is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Proposal. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of FCR.

3.2 Regulatory guidance

The ASX Listing Rules do not define the meaning of "fair and reasonable". In determining whether the Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 does not provide specific guidance in relation to a fair and reasonable report required by the ASX. However, RG 111 provides guidance on the content of an expert report. We do not consider the Proposal to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposal as if it were not a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. Here the Company is acquiring options and the consideration for this acquisition is ordinary shares in the Company.

RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposal is a control transaction. As such, we have not included a premium for control when considering the value of FCR shares.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the FCR shares offered as consideration under the Proposal and the value of FCR listed options to be acquired and cancelled. (fairness - see Section 10 "Is the Proposal Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 11 "Is the Proposal Reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report



where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances

4. Outline of the Proposal

If the Proposal is approved, FCR will announce the Proposal to offer holders of its listed options the opportunity to cancel those options in exchange for FCR shares with the consideration being of one fully paid share for each 10 listed option cancelled.

Mr Ed Nealon, Mr Matodzi Nesongozwi, Mr Adrian Griffin and Mr Glenn Whiddon ("the Related Parties"), each of whom is considered a related party of FCR, hold 18.9% of the total listed options in FCR. The issue of FCR shares to the Related Parties is the subject of the Proposal considered in our Report.

The effect of the Related Parties accepting the Proposal has been set out below:

Director	Pre-Proposal			Post-Proposal		
	Number of Options	Shareholding Pre Proposal	% of Total Shareholding	Shares Offered under the Proposal	Shareholding Post-Proposal	% of Total Shareholding
Current Directors						
Ed Nealon	450,000	100,000	0.1%	45,000	145,000	0.1%
Matodzi Nesongozwi	12,100,000	17,152,142	9.6%	1,210,000	18,362,142	9.8%
Adrian Griffin	995,038	3,629,136	2.0%	99,504	3,728,640	2.0%
Former Director						
Glenn Whiddon	5,616,144	2,600,000	1.5%	561,614	3,161,614	1.7%
Total Related Parties	19,161,182	23,481,278	13.2%	1,916,118	25,397,396	13.5%
Total Other Shareholders	82,455,547	154,273,421	86.8%	17,245,064	162,518,976	86.5%
Total Shares on Issue	101,616,729	177,754,699	100.0%	19,161,182	187,916,372	100.0%

Note:

(1) The number of shares issued will depend on the number of listed option holders who accept the Proposal.

Assuming the Proposal is approved by the Shareholders of the Company, the cancellation of the 19,161,182 related party FCR listed options would result in the issue of approximately 1,916,118 FCR shares.

Post-Proposal, the Related Parties' shareholding in the Company will only increase marginally from 13.2% to 13.5%.



5. Profile of Ferrum Crescent Limited

5.1 History

FCR changed its name from Washington Resources Ltd (“WRL”) following a merger where WRL acquired 100% of what was then called Ferrum Crescent Ltd (now called Ferrum Metals Pty Ltd (“FML”)) shares and options through the issue of 102,000,000 WRL shares and 52,187,500 WRL options to FML shareholders and option holders. The shares were issued on the basis of 12 new WRL shares for every 10 existing FML shares, held by FML shareholders, and the issue of one new WRL option for every one existing FML option held by FML option holders.

The shares issued to FML shareholders were under escrow restrictions where 50% of the new shares will be held for a period of six months and the remaining 50% will be held for a period of 12 months from the date of issue.

5.2 Profile of Turquoise Moon Project

FCR owns 74% of the Turquoise Moon Project in the Limpopo Province in South Africa. The remaining 26% is held by the Black Economic Empowerment (“BEE”) partner Matodzi Nesongozwi who is also a major shareholder and a board member of FCR. The Turquoise Moon Project consists of the Moonlight magnetite deposit (“Moonlight Project”) and the De Loskop prospect which will be explained in the following sections.

5.2.1 Moonlight Project

The Moonlight project was previously explored by the South African government owned company, South African, Iron and Steel Corporation (“ISCOR”) between 1983 and 1997. On 7 April 2010, FCR announced that the recent exploration of the Moonlight project which covered 50% of the previously explored areas, confirmed an initial JORC compliant Mineral Resource of 310Mt at 29% Fe, comprising 240Mt at 28% Fe in the Inferred category and 70 Mt at 34% Fe in the Indicated category.



Source: FCR ASX Announcement on April 2010



5.2.2 De Loskop Prospect

The De Loskop prospect has not been explored in much detail, but according to FCR management, it has potential iron ore deposits of 200 to 1,000Mt at a grade of 30% to 40% Fe. [Source: FCR ASX Announcement on 7 April 2010]. The De Loskop prospect is located close to developed infrastructures with access to roads and rail link situated close to a regional service area in Polokwane.

5.2.3 Other Investments

FCR holds a 12.26% interest in Northern Uranium Ltd ("NTU") which recently announced an oversubscription of its \$3.2 million rights issue. NTU has a 100% interest in the Gardiner-Tanami project which has deposits of uranium mineralization. The capital raised through the rights issue will be primarily used for further exploration on the Gardiner-Tanami project.

5.3 Historical Balance Sheet

	Reviewed As at 31 December 2009 \$	Audited As at 28 February 2009 \$
Current Assets		
Cash and cash equivalents	1,933,971	50,563
Trade and other receivables	912,647	2,246
Prepayments	-	20,000
Total Current Assets	2,846,618	72,809
Non-Current Assets		
Plant and equipment	3,555	2,367
Available-for-sale-investments	2,920,960	-
Total Non-Current Assets	2,924,515	2,367
Total Assets	5,771,133	75,176
Current Liabilities		
Trade and other payables	853,376	53,888
Provisions	-	10,636
Unsecured loan	-	375,000
Total Current Liabilities	853,376	439,414
Total Liabilities	853,376	439,414
Net Assets	4,917,757	(364,238)
Equity		
Contributed Equity	12,154,595	3,387,874
Reserves	2,471,040	1,219,282



	Reviewed As at 31 December 2009 \$	Audited As at 28 February 2009 \$
Accumulated Losses	(9,707,878)	(4,971,394)
Total Equity	4,917,757	(364,238)

Source: Ferrum Crescent Ltd - Interim Report for the period 1 March 2009 to 31 December 2009

According to the notes of the FCR Financial Statement for the period 1 March 2009 to 31 December 2009, the balance sheet above is prepared on the following basis:

- The Balance Sheet as at 31 December 2009 represents the combination of FML and FCR; and
- The Balance Sheet as at 28 February 2008 represents FML's balance sheet.

5.4 Historical Comprehensive Income Statements

	Reviewed For the period ended 31 December 2009 \$	Reviewed For the period ended 31 December 2008 \$
Income Statement		
Revenue from continuing operations		
Revenue - Interest income	2,321	-
Other income	-	193,941
Total Revenue	2,321	193,941
Write-off of goodwill on consolidation	(2,019,188)	(4,448,308)
Foreign currency loss	(1,151,375)	-
(Loss)/profit before income tax	(4,736,484)	(5,089,203)
Income tax benefit / (expense)	37,500	-
Net (loss) / profit attributable to members	(4,736,484)	(5,089,203)
Other comprehensive income		
Foreign exchange reserve	1,164,575	361,330
Net fair value gains on available for sale investments	125,000	-
Income tax on items of other comprehensive income	(37,500)	-
Other comprehensive income for the period, net of tax	1,252,075	361,330
Total comprehensive income for the period	(3,484,409)	(4,727,873)

Source: Ferrum Crescent Ltd - Interim Report for the period 1 March 2009 to 31 December 2009

5.5 Comments on the financial statements

The reviewed financial statements of FCR for the period 1 March 2009 to 31 December 2009 reflects the impact of the reverse acquisition of WRL and FCR on 30 November 2009. Under AASB 3 'Business Combinations', Ferrum Metals Pty Ltd is deemed to be the accounting acquirer in the business combination while Ferrum Crescent Ltd became the accounting subsidiary.



The Company's cash flow increased significantly over the financial year 2009 through a placement of 20 million shares at 10 cents per share to raise \$2 million before expenses. The funds raised were to be used to advance the development of the Company's portfolio of projects, particularly the Turquoise Moon iron ore project.

5.6 Capital Structure

The share structure of FCR as of the Proposal is outlined below:

	Number
Total Ordinary Shares on Issue	177,754,700
Top 20 Shareholders	98,385,471
Top 20 Shareholders - % of shares on issue	55.35%

Source: Computershare

The range of shares held in FCR as of the Proposal is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	% Issued Capital
1-1,000	29	4,858	0.00%
1,001-5,000	50	164,848	0.09%
5,001-10,000	126	1,221,944	0.70%
10,001-100,000	175	7,459,253	4.29%
100,001 - and over	135	165,033,797	94.91%
TOTAL	515	173,884,700	100.00%

Source: Computershare

The ordinary shares held by the most significant shareholders as of the Proposal are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
Mr Henrik Willem Bonsma	17,050,000	9.59%
Nesongozwi Matodzi Family Trust Account	16,152,142	9.09%
Apollinax Inc	8,949,240	5.03%
National Nominees Ltd	5,400,405	3.04%
Total Top 4	47,551,787	26.75%
Others	130,202,913	73.25%
Total Ordinary Shares on Issue	173,884,700	100.00%

Source: Computershare



The most significant listed option holders of FCR as of the Proposal are outlined below:

	Number of Options	Exercise Price (\$)	Expiry Date
Mr Henrik Willem Bonsma	12,500,000	\$0.40	12.30%
Nesongozwi Matodzi Family Trust Account	12,100,000	\$0.40	11.91%
Apollinax Inc	8,437,500	\$0.40	8.30%
Nautical Holdings WA Pty Ltd	5,616,144	\$0.40	5.53%
Nefco Nominees Pty Ltd	5,616,144	\$0.40	5.53%
Others	27,820,037	\$0.40	56.43%
Total Number of listed options	101,616,729	\$0.40	100.00%
Cash Raised if listed options exercised	\$ 40,646,692		

Source: Computershare

The total number of options in the table above does not include the 1,400,000 unlisted options issued by FCR. These options are shortly to expire with 400,000 expiring on 14 June 2010 and the balance of 1,000,000 expiring on 30 June 2010. Unlisted option holders are excluded from the Proposal.

6. Iron Ore Industry Analysis

Iron is the most widely used metal globally. It finds its use primarily in structural engineering applications, automobiles and other general industrial applications. Commercial development of iron ore deposits is constrained by the position of the iron ore relative to its market, the cost of establishing proper transportation infrastructure such as ports and railways; and the energy costs required to establish the infrastructures.

There are three main categories of iron ore exports. These are:

- Fines: The most heavily traded category of iron ore;
- Lump Ore: Lump ore consists of golf ball sized pieces, and typically has higher iron content than fines; and
- Pellets: Iron ore in "pellets" are semi-refined iron ore; blast furnace pellets.

At present, world production of iron ore averages two billion metric tonnes annually. The world's largest producer of iron ore is the Brazilian mining corporation Vale (formerly Companhia Vale Rio Doce), followed by Rio Tinto and BHP Billiton.

South Africa Iron Ore Industry

South Africa has 9 billion tonnes of iron ore reserves, with 45% of the iron ore reserve located in the Northern Cape, adjacent to the Kalahari manganese field. The largest iron producer in South Africa is Kumba Resources which produces 81% of South Africa's iron ore from its two mining operations at Sishen in the Northern Cape and Thabazimbi in the Northern Province.



Assmang is South Africa's second biggest iron ore producer and has a single iron ore mine at Beeshoek, which has recently been expanded onto a neighbouring property, Olynfontein.

According to the data from China's General Administration of Customs quoted by official Chinese news agency Xinhua, South Africa increased exports to China by 140 percent from 2008 to 2009 and is currently 34.1 million Mt.

Iron ore pricing

The majority of metal commodities trade on exchanges in the form of either spot or future prices. However, iron ore is an exception to this. Iron ore has historically mostly traded in world markets under long-term contracts. These contracts are negotiated between miners and steelmakers and can be used as benchmark to other players in the industry. The prices are set during annual contract negotiations and are usually introduced at the start of the Japanese fiscal year in April. There is a spot market for iron ore however this market has been traditionally quite small but has recently been growing in significance.

The problem with having two different iron ore pricing mechanisms running concurrently is that when spot prices are higher than the benchmark, miners lose the extra revenue which would have been earned by selling ore on the spot market. When spot prices are lower than the benchmark, some steel mills purchase their ore from the spot market. The benchmark system provides protection for the steel mills, but not the miners, however, it offers price stability to miners and steel mills allowing them to plan their production more effectively.

It is for the above reason that many miners are pushing for a spot market for iron ore to be the primary basis for iron ore pricing and short term contracts are becoming more prevalent.

In April 2010, Rio Tinto and BHP announced an increase in the annual iron ore contract price by approximately 100% from the previous year. The price of iron ore exports from South Africa is also expected increase in 2010.

7. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Net Tangible Assets on a going concern basis ("NTA");
- Quoted Market Price Basis ("QMP");
- Capitalisation of future maintainable earnings ("FME");
- Discounted Cash Flow ("DCF"); and
- Multiple of Exploration Expenditure ("MEE").

In principle methodologies which can be used in valuing options are as follows:

- Quoted Market Price Basis ("QMP");
- Black Scholes Option Pricing model ("BSOP"); and
- Binomial Option Pricing model ("BOP").

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.



7.1 Valuation of Ferrum shares as at the Date of this Report

In our assessment of the value of FCR Shares, we have chosen to employ the QMP methodology as FCR shares are listed on the ASX and this reflects a fair guide to share value based on actual exchanges between willing and able buyers and willing and able sellers at arm's length.

The NTA methodology has not been considered as the net effect of a comparative analysis between the value of an FCR share using the NTA methodology or the QMP methodology and the value of 10 FCR options would be the same.

7.2 Valuation of Ferrum listed options as at the Date of this Report

In our assessment of the value of an FCR listed options, we have chosen to employ the following methodologies:

- Quoted Market Price Basis;
- Black Scholes Option Pricing Model ("BSOP"); and
- Binomial Option Pricing Model ("BOP").

We have chosen these methodologies for the following reasons:

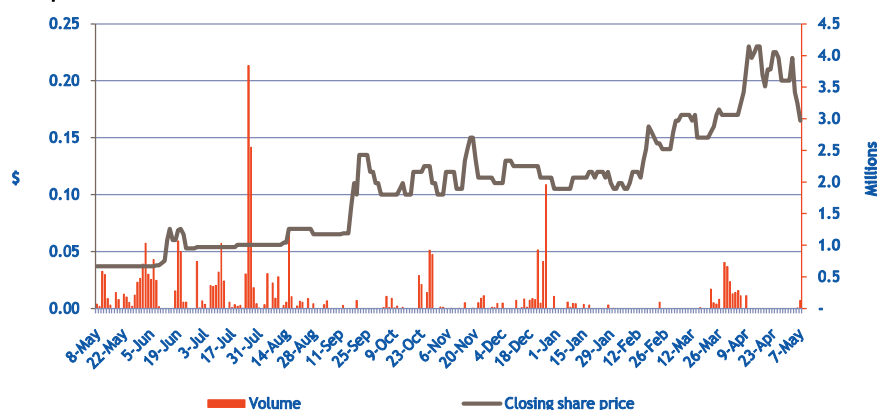
- We have chosen to use the QMP methodology as FCR listed options are listed on the ASX; and
- We have chosen to use the BSOP methodology to provide a technical approach in calculating the value of the listed options to be cancelled. We have used the BOP methodology used as a secondary cross check to validate the valuation prices calculated using BSOP methodology.



8. Valuation of Ferrum Crescent Limited Shares

8.1 Quoted Market Prices for FCR Shares

Our analysis of the quoted market price of an FCR share is based on the pricing as at the date of this report. The following chart provides a summary of the share price movement over the year to the date of this report.



Source: Bloomberg

The daily price of FCR shares from one year to the date of this report has ranged from a high of \$0.235 on 14 April 2010 to a low of \$0.035 on 5 June 2009.

During this period a number of announcements were made by FCR. The key announcements can be observed under Appendix 4 of our Report.

To provide further analysis of the market prices for an FCR share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to the 7 May 2010, being the last trading day prior to the date of this report.

	7 May 2010	10 Days	30 Days	60 Days	90 Days
Closing Price	\$ 0.165				
Weighted Average		\$ 0.205	\$ 0.210	\$ 0.174	\$ 0.165

The above weighted average prices are as at the date of this report.



An analysis of the volume of trading in FCR shares for the six months to 7 May 2010 is set out below:

	Share price Low (\$)	Share price High (\$)	Cumulative Volume traded	As a % of Issued capital
1 Trading Day	0.165	0.180	67,892	0.04%
10 Trading Days	0.165	0.225	1,822,246	1.03%
30 Trading Days	0.165	0.235	7,728,257	4.35%
60 Trading Days	0.115	0.235	21,545,167	12.12%
90 Trading Days	0.100	0.235	25,493,167	14.34%
180 Trading Days	0.065	0.235	34,751,020	19.55%

Source: Bloomberg

This table indicates that FCR's shares display a moderate level of liquidity, with 19.55% of the Company's current issued capital being traded over 180 trading days. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.53 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant. In the case of FCR, we consider that there is a moderate market for its shares.

FCR's quoted market share price results in the following valuation range:

	Low \$	High \$
Quoted market price value	0.17	0.22

Our assessment is that a range of values for FCR shares based on market pricing is between \$0.17 and \$0.22.

9. Valuation of Ferrum Crescent Limited Listed Options

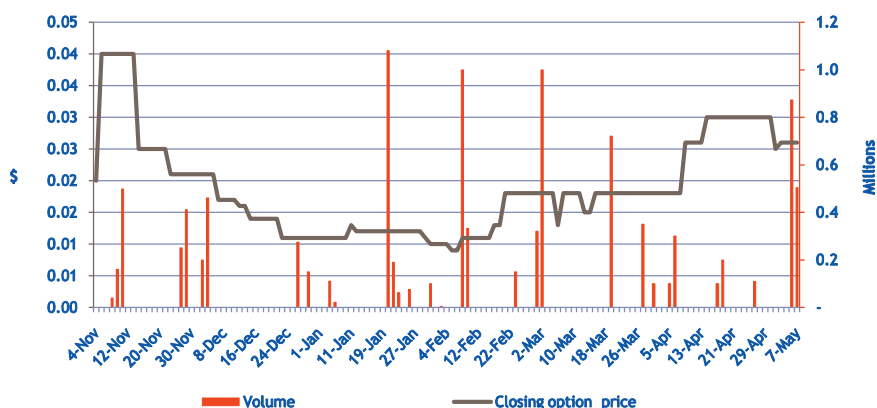
In considering the valuation of an FCR listed option as at the date of this report, we have performed our assessment in the following sections:

- A valuation of an FCR listed option on a Quoted Market Basis (Section 9.1);
- A valuation of an FCR listed option using the Black Scholes Options Pricing Model and the Binomial Option Pricing Model (Section 9.2); and
- A conclusion on the valuation of an FCR listed option (Section 9.3).

9.1 Quoted Market Prices for FCR listed options

Our analysis of the quoted market price of an FCR listed option is based on the pricing as at the date of this report.

The following chart provides a summary of the option price movement of FCR since the listed options were initially quoted on the ASX on 4 November 2009.



Source: Bloomberg

The daily price of FCR listed options from 4 November 2009 to 7 May 2010 has ranged from a high of \$0.04 on 13 November 2009 to a low of \$0.009 on 8 February 2010.

During this period a number of announcements were made to the market. The key announcements can be noted under Appendix 4.

To provide further analysis of the market prices for an FCR option, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 7 May 2010.

	7 May 2010	10 Days	30 Days	60 Days	90 Days
Closing Price	\$ 0.026				
Weighted Average		\$ 0.029	\$ 0.027	\$ 0.022	\$ 0.018

The above weighted average prices are as at the date of this report.



An analysis of the volume of trading in FCR listed options for the period to 7 May 2010 is set out below:

	Option price Low (\$)	Option price High (\$)	Cumulative Volume traded	As a % of Issued capital
1 Trading Day	0.026	0.026	-	0.00%
10 Trading Days	0.025	0.030	698,883	0.69%
30 Trading Days	0.018	0.030	2,020,000	1.99%
60 Trading Days	0.011	0.030	3,985,162	3.92%
90 Trading Days	0.009	0.030	6,894,112	6.78%

This table indicates that FCR's options display a low level of liquidity, with 6.78% of the Company's current issued options being traded over 90 trading days. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the options. RG 111.53 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's options must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in option price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its options cannot be considered relevant.

In the case of FCR, we consider that there is a thin market for its options.

FCR's quoted market option price results in the following valuation range:

	Low \$	High \$
Quoted market price value	\$0.02	\$0.03

Our assessment is that a range of values for FCR listed options based on market pricing is between \$0.02 and \$0.03.

Based on the results above, we do not consider the valuation of FCR listed options under the QMB methodology to reflect a fair valuation of FCR options due to the illiquid nature of the option's trading volume.



9.2 Black Scholes and Binomial Option Pricing for FCR listed options

In valuing the FCR listed options on issue, the BSOP and BOP methodologies require us to consider the following inputs:

- Price of the underlying Shares;
- Exercise Price of the Listed Options;
- Dividend Rate;
- Expected Volatility of the Share Price;
- Risk Free Rate of Interest;
- Valuation Date; and
- Life of the Listed Options.

We made the following assumptions regarding the inputs required for our option pricing models:

9.2.1 Price of the Underlying Shares

The underlying security spot price used for the purposes of this valuation is based on the value of FCR shares determined under Section 8.1.

9.2.2 Exercise Price of the Listed Options

The exercise price is the price at which the underlying ordinary shares will be issued. The FCR listed option exercise price is set out in the table below:

Exercise Price	Expiry Date	Quantity
\$0.40	31 December 2013	101,616,729

9.2.3 Dividend Rate

As at the date of this report, FCR has not forecast any future dividend payments and does not have a history of paying dividends. For the purposes of this valuation we have therefore assumed that FCR does not pay dividends. If dividend payments were forecast, the value of the options would be reduced.

9.2.4 Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. As all the options have an expiry date as at 31 December 2013 we have selected a corresponding historical period which matches the remaining option life from the date of this report to 31 December 2013.

The recent volatility of the share price of FCR was calculated by utilising the GARCH option volatility measure using historical data extracted from Bloomberg. We noted that in our analysis FCR had a volatility of 110%. The basis for this volatility is primarily in relation to ASX announcements FCR has released which have had a significant impact on the FCR share price and consequently the volatility of the FCR share price. To provide further analysis on other volatilities of comparable companies for the same time period, we expanded our analysis to include other comparable companies involved in the iron ore sector. The average level of volatility of the companies selected was 120% and the median volatility is 110%. We have used the median volatility rate of 110% in our option pricing models. It should be noted when assessing the volatility of a FCR share, the volatility has been determined as if the date of this report has not occurred.



Name	Market Capitalisation as at	
	7 May 2010 (A\$ million)	Volatility
Ferrum Crescent Ltd	39.11	110%
Sundance Resources Ltd	433.60	79%
Sphere Minerals Ltd	299.88	177%
Strike Resources Ltd	99.48	206%
Western Plain Resources Ltd	83.65	98%
Iron Road Ltd	59.07	111%
Territory Resources Ltd	58.21	91%
Ironclad Mining Ltd	54.33	91%
Accent Resources NL	23.31	97%
Ferrowest Ltd	10.21	126%
Vector Resources Ltd	10.56	133%
	Average	120%
	Median	110%

Source: Bloomberg

9.2.5 Risk Free Rate of Interest

The risk free rate of 5.22% is the Commonwealth Government securities rate with a maturity date approximating that of the expiration period of the options

9.2.6 Valuation Date

The valuation date is based on the date one day as at the date of this report which is 10 May 2010.

9.2.7 Life of the Listed Options

We have determined the life of the listed options for the purpose of our valuation as being the expiry date, which is 3.647 years.

Expiry Date	Remaining Life
31 December 2013	3.647 years



9.2.8 Valuation of the Listed Options

Item	Section	Details
Underlying Asset Valuation		
Value of FCR share (Low)	9.1	\$0.17
Value of FCR share (High)	9.1	\$0.22
Key Option Assumptions		
Exercise price	9.2.2	\$0.40
Dividend rate	9.2.3	~
Standard deviation of returns (annualised)	9.2.4	110%
Risk free rate	9.2.5	5.22%
Valuation date	9.2.6	10 May 2010
Expiration date	9.2.7	31 December 2013
Expiration period (years)	9.2.7	3.647
Value of FCR Listed Options (Low)		\$ 0.102
Value of FCR Listed Options (High)		\$0.142

The value obtained using the BSOP and the BOP methodologies are the same.

The above table details the assumptions used in determining values of the listed options to be cancelled.

9.2 Conclusion on the Value of an FCR listed option as at the Date of this Report

	Section	Low value per Option (\$)	High value per Option (\$)
Value of FCR listed options using the QMB methodology	9.1	0.020	0.030
Value of FCR listed options using the BSOP methodology	9.2	0.102	0.142

As discussed under Section 9.1, given that the FCR listed options are highly illiquid, we do not consider the QMP valuation methodology to be most appropriate to value FCR listed options. The BSOP and BOP methodologies are more appropriate in this instance as they provide a technical approach in determining a fair value of an FCR Listed Option. The quoted market price of the options does not reflect the values derived from the BSOP and BOP methodologies primarily because of the low level of liquidity of trading in the option on the ASX.

Based on the results above, we consider the value of an FCR option to be between \$0.102 and \$0.142.



10. Is the Proposal fair?

The value of the FCR shares offered as consideration for FCR listed options cancelled is compared below:

	Section	Low \$	High \$
Value of one FCR share	9.1	0.17	0.22
Number of FCR listed options to be cancelled		10	10
Value of an FCR listed options	9.2	0.102	0.142
Consideration value		1.02	1.42

As the value of FCR listed options is greater than the value of an FCR share, we consider the Proposal to be fair. We note that, had we adopted the value of the listed options on a QMP basis, the value of 10 listed options would have been between \$0.20 and \$0.30 and we would have therefore still considered the Proposal to be fair.

11. Is the Proposal reasonable?

11.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the non-associated Shareholders of FCR a premium over the value ascribed to that resulting from the Proposal.

11.2 Advantages of Approving the Proposal

We have considered the following advantages when assessing whether the Proposal is reasonable.

Advantage	Description
The Proposal is fair	RG 111 states that an offer is reasonable if it is fair. In section 10 we found that the Proposal is fair.
Reduction of share dilution risk	If the Proposal is approved, the dilutionary risk from the potential exercise of 19,161,182 listed options will be eliminated.
Improve future capital raising ability	If the Proposal is approved, the Company's capital structure will be simplified and would make FCR more attractive for investors in Australia and in other international jurisdictions through a secondary listing for its Shares on the Alternative Investments Market ("AIM") in London.



11.3 Disadvantages of Approving the Proposal

If the Proposal is approved, in our opinion, the potential disadvantages to the non-associated shareholders of FCR include those listed in the table below:

Disadvantage	Description
Loss of future capital funding	FCR option holders currently have to exercise their FCR listed options to acquire FCR shares, requiring FCR option holders to provide the appropriate cash funds to exercise these FCR Options. If the Proposal proceeds, FCR option holders will acquire FCR shares for no cash consideration and the Company will not enjoy the benefit of the \$7,664,472 in cash that would have been injected into the Company.
Guaranteed share dilution	The Proposal guarantees the dilution of FCR shares which may not have occurred if the FCR listed options are not exercised. This is possible under the scenario that the FCR listed options expire out of the money.

12. Conclusion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is fair and reasonable to the non-associated shareholders of FCR.

13. Sources of information

This report has been based on the following information:

- Financial statements for FCR for the financial years ended 30 June 2008 and 2009 and for the six months ended 31 December 2009;
- Management accounts for FCR for 2010 year to date;
- The draft Notice of Meeting and Explanatory Memorandum;
- The full terms and conditions of the listed options to be cancelled;
- Information from FCR's share registry on the top 20 shareholders and option holders as well as the spread of shareholders and option holders; and
- Discussions with the directors and management of FCR and other information provided by them.



14. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$18,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by FCR in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the FCR, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to FCR and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independence of Ferrum and Ferrum and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Ferrum, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to FCR and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

15. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty two years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 130 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia.



Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 11 years in the Audit and Assurance and Corporate Finance areas.

16. Disclaimers and Consents

This report has been prepared at the request of FCR for inclusion in the Explanatory Memorandum which will be sent to all FCR Shareholders. FCR engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed offer to related parties of FCR to cancel their options in exchange for FCR shares.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd. BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of FCR in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied is false or that material information has been withheld.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the Proposal. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of FCR, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete. The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the Proposal.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes
Director

Adam Myers
Associate Director
Authorised Representative



Appendix 1 - Glossary of Terms

Reference	Definition
AIM	Alternative Investments Market
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BEE	Black Economic Empowerment
BOP	Binomial Option Pricing model
BSOP	Black Scholes Option Pricing model
FCR	Ferrum Crescent Ltd
FML	Ferrum Metals Pty Ltd
The Company	Ferrum Crescent Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FMD	Future Maintainable Dividends
FME	Future Maintainable Earnings
ISCOR	Iron and Steel Corporation
ROC	Return of Capital
NoM	Notice of Meeting
NTA	Net Tangible Assets
NTU	Northern Uranium Ltd
Our Report	This Independent Expert's Report prepared by BDO
The Act	The Corporations Act
The Proposal	The Proposal to issue one FCR share in exchange for each 10 FCR listed options cancelled.
WRL	Washington Resources Ltd
VWAP	Volume Weighted Average Price
Shareholders	Shareholders of FCR not associated with the Proposal



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net tangible asset value on a going concern basis ("NTA")

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimate the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.



3 Capitalisation of future maintainable earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Multiple of Exploration Expenditure ("MEE")

The Past Expenditure method is a method of valuing exploration assets in the resources industry. It is applicable for areas which are at too early a stage of prospectivity to justify the use of alternative valuation methods such as DCF. The Past Expenditure method is often referred to as the Multiple of Exploration Expenditure method.

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value. The assumption is that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The Prospectivity Enhancement Multiplier ("PEM") which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.



6 Option Valuation methodologies

6.1 Black Scholes Option Pricing Valuation ("BSOP")

The Black Scholes option valuation methodology calculates the expected benefit from acquiring the shares outright less the present value of paying the exercise price for the options on date of expiration. This model is considered robust and sufficiently accurate as an option pricing tool where options are not expected to be exercised until the end of the option's life. The model uses historical share price volatility measures and therefore may not approximate actual share price behaviours in the future.

The Black Scholes methodology assumes that the option is a European option, which is only exercisable at the date of expiry. Therefore this type of methodology is not appropriate to utilise in the valuation of American options, which may be exercised at any time over their life.

The Black Scholes method is generally inappropriate to use in the valuation of options that have barrier conditions on exercise.

7 Binomial Option Pricing Valuation ("BOP")

The Binomial option valuation methodology uses a "discrete-time" model of the varying price over time of financial instruments; the model is thus able to handle a variety of conditions for which other models cannot be applied. Essentially, the Binomial valuation is via application of the risk neutrality assumption over the life of the option, as the price of the underlying instrument evolves. The Binomial model is able to value American options which may be exercised at any time over their life.

Similar assumptions underpin both the Binomial model and the Black-Scholes model and the binomial model thus provides a discrete time approximation to the continuous process underlying the Black-Scholes model. In fact, for European Options the Binomial model value converges on the Black-Scholes formula value as the number of time steps increases.

The Binomial model allows the calculation of different types of barriers to vestment and exercise of options, in particular American options which may be exercised at any time over their life and Barrier up and in options which are only exercisable once the underlying share price passes a certain barrier level.



Appendix 3 - Comparable Companies

Name	Company Description
Sundance Resources Ltd	Sundance Resources Ltd is an Australian-based exploration company focused on mining interests in the Republic of Cameroon (on the west coast of Africa). The Company currently explores for iron ore.
Sphere Minerals Ltd	Sphere Minerals Ltd. is a mineral exploration company. The Company explores for iron ore in Mauritania. Sphere Minerals flagship project is the Guelb el Aouj Iron Ore (magnetite) Project in Mauritania, West Africa.
Strike Resources Ltd	Strike Resources Ltd is a diversified exploration and development company. The Company explores for and develops iron ore in Peru and copper, gold and coal in Indonesia.
Western Plain Resources Ltd	Western Plains Resources Ltd. is an Australian mineral resources company with projects in South Australia and New South Wales. The Company explores for iron ore, gold, and other minerals.
Iron Road Ltd	Iron Road Ltd explores for and develops iron ore properties in Asia, Europe and the Middle East.
Territory Resources Ltd	Territory Resources Ltd develops and supplies iron ore to the international market. The Company's projects are located in the Northern Territory.
Ironclad Mining Ltd	Ironclad Mining Ltd explores for and produces minerals. The Company is focused on iron ore exploration and production.
Accent Resources NL	Accent Resources NL explores, evaluates, and develops iron ore and gold prospects in Western Australia and Queensland.
Ferrowest Ltd	Ferrowest Ltd is a mining company that develops iron ore prospects in Western Australia.



Appendix 4 - Company Announcements

Date	Announcement	Closing Price Following Announcement	% Change	Closing Share Price Three Days	% Change
7/04/2010	FCR announces favourable results from the exploration study at Moonlight Iron Ore Deposit.	0.180	▲ 5.88%	0.210	▲ 23.53%
18/02/2010	Favourable announcement on Preliminary Drill results at Moonlight Iron Ore Deposit.	0.160	▲ 14.29%	0.150	▲ 7.14%
29/01/2010	Quarterly Cash flow Report.	0.110	▼ (8.33)%	0.105	▲ (12.50)%
22/01/2010	Drilling update	0.120	▲ 4.35%	0.120	▲ 4.35%
15/01/2010	Preliminary drilling results	0.115	-	0.120	▲ 4.35%
24/12/2009	WRL announces Completion of Acquisition of FCR and update announcement on the drilling at Moonlight Deposit.	0.115	▼ (8.00)%	0.115	▼ (8.00)%
16/12/2009	Announcement to raise \$2 million.	0.125	-	0.125	-
7/12/2009	Announcement of Drilling Commencement at Moonlight Deposit.	0.130	▲ 18.18%	0.130	▲ 18.18%
13/11/2009	Merger Update - 100% of FCR shareholders accepted the merger.	0.105	-	0.140	▲ 33.33%
5/11/2009	FCR Merger Update - 96% of FCR shareholders have accepted the merger.	0.120	▲ 20.00%	0.120	▲ 20.00%
30/10/2009	Quarterly Activities and Cash flow Report.	0.110	-	0.100	▼ (9.09)%
1/10/2009	WRL issues a Prospectus for the merger with Ferrum Crescent	0.110	-	0.100	▼ (9.09)%
21/09/2009	Entitlement Offer Prospectus to raise \$49,429. Non-Renounceable Issue of options for \$49,429.	0.100	▼ (9.09)%	0.135	▲ 22.73%



Date	Announcement	Closing Price Following Announcement	% Change	Closing Share Price Three Days	% Change
17/09/2009	Merger between FCR and WRL announced.	0.090	▲ 36.36%	0.100	▲ 51.52%
16/07/2009	Quarterly Activities Report	0.054	-	0.054	-

Source: ASX

Based on the announcements above, it appears that the market has reacted favourably to the merger between WRL and FCR on 17 September 2009 with an increase in share price by 51.52% over three days after the merger announcement.

The Company's share price was also noted to increase significantly after the announcement of positive drilling results from the Moonlight project on 18 February 2010 and 7 April 2010.

