



31 January 2014

**Ferrum Crescent Limited**  
**("Ferrum Crescent", the "Company" or the "Group") (ASX: FCR, AIM: FCR, JSE: FCR)**  
**Quarterly Activities and Cashflow Report**  
**For the period ended 31 December 2013**

Ferrum Crescent Limited, the ASX, AIM and JSE quoted iron ore developer in northern South Africa, today announces its quarterly results for the three month period ending 31 December 2013.

**HIGHLIGHTS:**

**Moonlight Iron Ore Project:**

- Ferrum Crescent signs conditional, legally binding letter of intent with Anvwar Asian Investment ("AAI") to progress the bankable feasibility study ("BFS") on the development of the Moonlight Iron Ore Project
  - US\$10m to acquire 35% shareholding in Ferrum Iron Ore (Pty) Ltd, which holds the mining right over the three farms that contain the Moonlight Deposit
  - US\$3.5m additional funds to contribute to BFS costs
  - Initial payment of US\$10m expected 28 February 2014
  - AAI internal due diligence process complete and the Company has been informed all key conditions have been met or waived
  - Structuring and shareholders' agreements now underway between Company and AAI
  - AAI representative Anvwar Al Balushi will be invited to join the Ferrum Iron Ore Board and Moonlight Iron Ore Project steering committee

**Corporate:**

- Ferrum Crescent successfully raises GBP 873,600 (AU\$1.5m) before costs
  - 48 million shares (3,386,844 of which were subject to shareholder approval) issued at GBP 0.0182 (AU\$0.0315) per share ("Placement Shares")
  - Proceeds to be used by the Company to fund corporate activities and to carry out the BFS and mining right activities pending the AAI investment
  - Funds from the private placement received in two tranches, with the second tranche representing subscriptions by two directors of the Company which required shareholder approval
- Cash as at 31 December 2013 was approximately AU\$1.35m

**Commenting today Ed Nealon, Chairman, said:** "The last quarter of 2013 saw Ferrum Crescent sign the AAI agreement to allow for completion of the Bankable Feasibility Study at the Moonlight Iron Ore Project. The BFS is investigating the feasibility of developing an open pit mine and related processing facilities to produce 6Mtpa of high grade (DRI and BF) iron ore

pellets mainly for the export market from the magnetite ore at the Moonlight Deposit. AAI represents a strategic partner with the depth to support the creation of a new high-grade iron ore production hub, located near existing infrastructure.”

For more information, please visit [www.ferrumcrescent.com](http://www.ferrumcrescent.com) or contact:

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During the September 2013 quarter, Ferrum Crescent, the ASX, AIM and JSE quoted iron ore developer, announced it had signed a legally binding letter of intent (“Agreement”) with Anvwar Asian Investment (“AAI”) to facilitate the completion of the Company’s bankable feasibility study (“BFS”) at the Moonlight Iron Ore Project in northern South Africa. Under the Agreement, AAI will pay US\$10m to Ferrum Crescent in return for a 35% shareholding in Ferrum Iron Ore Pty Ltd., which holds the mining right over the three farms that contain the Moonlight Deposit. AAI will also contribute US\$3.5m to the on-going costs of the BFS.

The Ferrum Crescent interest in the Moonlight Iron Ore Project is held through the Group’s direct and indirect shareholding in Ferrum Iron Ore (formerly named Turquoise Moon Trading), the shares of which are currently held as to 74% by Ferrum South Africa (Pty) Ltd (formerly named Nelesco) and as to 26% by Mkhombi Investments (Pty) Ltd. Subject to the conditions precedent and following the investment, the shares of Ferrum Iron Ore will be held 39% by Ferrum South Africa (Pty) Ltd, 26% by Mkhombi Investments (Pty) Ltd and 35% by AAI.

On 29 November 2013, the Company announced that the confirmation due diligence undertaken by AAI had concluded and both parties were working towards finalising the structure of the transaction and conclude the relevant shareholders’ agreement. The parties are obliged to carry out certain administrative procedures with the Reserve Bank of South Africa, with regard to the issue of shares by a South African company to a non-resident, in order to finalise the structure and in so doing, the Company and AAI agreed to extend the completion of the transaction to 28 February 2014.

AAI is an Oman based investment company chaired by Mr Anvwar Al Balushi, who will be invited to join the Ferrum Iron Ore board and Moonlight Project steering committee upon completion of the Agreement. The Moonlight Project provides AAI with potential exposure to an iron ore project capable of producing high-grade pellet product, located within 200km of established rail hubs. Ferrum Crescent has already undertaken extensive metallurgical test work as part of the Moonlight BFS and earlier this year appointed DANIELI C. Officine

MeccanicheS. p.A. (“Danieli”), a global leader in engineering services and equipment supply, as the process engineer for the BFS.

## **Corporate**

During the quarter, the Company announced that it had received applications to subscribe for 48 million fully paid ordinary shares to raise up to GBP 873,600. The placement shares rank equally with existing fully paid ordinary shares from allotment.

The placement was conducted in two tranches. The first tranche comprised 44,613,156 shares to raise approximately GBP 811,959. The second tranche, comprising 3,386,844 shares to raise approximately GBP 61,641, was subject to shareholder approval at the Company’s Annual General Meeting of shareholders, as these subscribers were Mr Ed Nealon (as to 2,906,075 shares) and Mr Robert Hair (as to 480,769 shares) who are Directors and hence related parties under the provisions of the *Corporations Act 2001*.

The first tranche of the Placement Shares were admitted to trading on the Australian Securities Exchange Limited, the AIM market of the London Stock Exchange and on the JSE Limited on 8 October 2013 and the second tranche were admitted on 19 December 2013 following shareholder approval at the Company’s Annual General Meeting of shareholders.

Funds received under the share placements will be used as working capital, including for the funding of corporate costs and for feasibility and mining right activities.

Receipt of the proceeds of the issue means that the Company remains fully funded, pending completion of the agreement with Anvwar Asian Investment, to facilitate completion of the Company’s BFS for the Moonlight Iron Ore Project.

Following the placement, the number of ordinary shares on issue is 376,201,385 shares.

It should be noted that various board members and members of staff elected in the September quarter to reduce or cancel their remuneration packages whilst the Company secured funding for the Moonlight BFS. Administration costs during the December quarter were higher than normal as some expenses previously incurred by board members and staff were reimbursed and staff received previously accrued remuneration.

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Ferrum Crescent Limited

ABN

58 097 532 137

Quarter ended ("current quarter")

31 December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(87)   (463)	(266)   (578)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	3	12
1.5 Interest and other costs of finance paid		
1.6 R&D recoupment tax	-	125
1.7 Other – net income on restricted cash investments	7	(30)
<b>Net Operating Cash Flows</b>	<b>(540)</b>	<b>(737)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	(41)	(41)
1.11 Loans repaid by other entities		
1.12 Other (restricted cash investments)	(147)	177
<b>Net investing cash flows</b>	<b>(188)</b>	<b>136</b>
1.13 Total operating and investing cash flows (carried forward)	(728)	(601)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(728)	(601)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,420	1,420
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19. 1	Other	29	29
1.19. 2	Other – share issue costs	(95)	(110)
	<b>Net financing cash flows</b>	<b>1,354</b>	<b>1,339</b>
	<b>Net increase (decrease) in cash held</b>	<b>626</b>	<b>738</b>
1.20	Cash at beginning of quarter/year to date	639	548
1.21	Exchange rate adjustments to item 1.20	88	67
1.22	<b>Cash at end of quarter</b>	<b>1,353</b>	<b>1,353</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	104
1.24	Aggregate amount of loans to the parties included in item 1.10	41

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	
4.3 Production	
4.4 Administration	200
<b>Total</b>	<b>400</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,353	639
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,353</b>	<b>639</b>

**Changes in interests in mining tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	380,602,777	374,007,777	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues    (b) Decreases through returns of capital, buy-backs	44,613,156 1,267,065 3,134,327 3,386,844	44,613,156 1,267,065 3,134,327 3,386,844	\$0.0315 \$0.01693 \$0.01755 \$0.0315	Fully Paid Fully Paid Fully Paid Fully paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	400,000 500,000	- -	<i>Exercise price</i> \$0.10 \$0.03	<i>Expiry date</i> 14 December 2015 21 November 2016
7.8 Issued during quarter	500,000	-	\$0.03	21 November 2016
7.9 Exercised during quarter				
7.10 Expired / cancelled during quarter	2,150,000 21,496,727	- 21,496,727	\$0.40 \$0.198	31 December 2013 07 December 2013
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )				
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 31 January 2014  
 (Company Secretary) Date: .....

Print name: Andrew Nealon.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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