



**27 April 2017**

## **Ferrum Crescent Limited**

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

### **Update re: Moonlight Iron Ore Project, South Africa**

FCR, the ASX, AIM and JSE quoted metals developer, announces, further to its previous announcement of 15 February 2017, that, following a period of detailed negotiations with a third party group in relation to the potential development of the Company's Moonlight Iron Ore Project in Limpopo Province, northern South Africa (the "Moonlight Project"), such negotiations have now ceased without reaching any viable agreement. Consequently, the Board of FCR (the "Board") has regrettably decided, unless an alternative development opportunity can be secured in the short term, to undertake an orderly winding-up and hand-over process of all of the Group's operations and licences associated with the Moonlight Project with a view to terminating all activities and expenditures in South Africa as soon as practicable.

The Moonlight Project comprises a mining right and prospecting right application. Over the course of the last four years, the Company has attempted to secure a joint venture partner to co-develop the project. In February 2017, the Board terminated the most recent farm-in and joint venture agreement with Business Venture Investments No. 1709 (Proprietary) Limited ("BVI") in accordance with its terms, as BVI failed to complete phase 1 of a bankable feasibility study by the agreed extended deadline.

Subsequently, the Board identified and engaged in detailed negotiations with another potential partner. However, following lengthy negotiations, and having regard to the current South African investment climate, no final agreement has been secured.

The project's economics have been adversely impacted by the depressed iron ore market and its high capital cost and infrastructure requirements. Accordingly, the Board believes that it has now exhausted all reasonable options to find and secure a credible joint venture partner to assist with the development of the project. The Company has been incurring approximately A\$450,000 per annum in licence-related commitments, as well as staffing, contractual and other associated costs in order to maintain the project in good standing.

The Board has now taken the difficult decision, unless an alternative development opportunity can be secured in the short term, to withdraw from the Moonlight Project as soon as practicable following completion of the requisite handover and administrative requirements. The Company will therefore shortly commence an orderly winding-up process for the project leading to the planned relinquishment of the licences. The Company expects to incur expenses of approximately A\$100,000 for the termination of certain long-term employment contracts at the end of June 2017 and all other project costs will also be terminated as soon as possible following satisfaction and compliance with the applicable regulatory requirements.

The Company will inform the relevant regulatory authorities of its decision and will cooperate fully with them during the expected maximum three month winding up period prior to the project's licences being relinquished or transferred.

The Board believes that the abovementioned actions will further reduce corporate overheads and administrative costs within the Company and enable shareholder funds to be refocused on its planned exploration activities in Spain. In particular, the Board believes that shareholder value will best be generated by initially proving up a JORC (2012) compliant lead-zinc resource estimate at the Company's Toral project in Spain, where mineralisation has historically been encountered and for which the first drill contract has recently been announced.

**Commenting today, Justin Tooth, Executive Chairman of FCR, said:**

*"The Company has spent considerable time, effort and resources in searching for the right development partner for the Moonlight Project to help address the significant headwinds of the global iron ore market environment. The Board has explored conventional technology routes and, more recently, certain new technological advancements which potentially offered lower capital requirements and operating expenses.*

*"However, despite our best endeavours, we have been unable to secure a path for the development of the Moonlight Project and are mindful of the significant costs associated with continuing to hold and maintain the project. I would like to thank our staff in South Africa who have worked relentlessly towards creating value. This difficult decision is a consequence of the challenging circumstances pertaining to the Moonlight Project, South Africa and global iron ore price and is by no means a reflection on their efforts.*

*"The significant size, location and nature of this bulk mineral asset mean that many factors of production have to be aligned at the right price and this is simply not the case for now. The Company will now focus on the mobilisation and initiation of its first drill programme at its Toral lead-zinc project in Northern Spain which in itself is an exciting milestone for the Company."*

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

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