



22 July 2016

## **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 30 June 2016**

#### **Highlights**

##### **Option over GoldQuest Iberica S.L. ("GoldQuest"), Spain:**

- Majority of the transaction documentation and legal process to enable exercise of the Company's exclusive option (the "Option") over GoldQuest, which owns interests in the promising Toral and Lago lead-zinc exploration projects in Northern Spain (the "Iberian Projects"), now completed.
- Two final elements to be resolved ahead of exercising the Option such that the counterparty to the option and sale agreement, TH Crestgate GmbH ("Crestgate"), has recently agreed to an extension of the option period:
  - Post-quarter end: on 22 July 2016, the Company announced that Crestgate had agreed to extend the Option to enable the vendors to finalise the settlement and documentation of certain administrative issues and an historic back-in right over the Toral licence area held by Lundin Mining Corporation ("Lundin"). Accordingly, the Option is now scheduled to expire on 31 August 2016 (or such later date as the parties may agree).
- Conclusion of Option exercise process anticipated during Q3 2016.
- Toral and Lago work plan structured to process and interpret significant amounts of pre-existing data, key objectives:
  - Re-examine the potential scale of the mineralising system
  - Investigate structural controls on mineralisation and the possible presence of plunging shoots of high grade material from old workings at surface down to resources defined in previous deep drilling campaigns
  - Re-logging, assaying and petrographic study of old core
  - Summary: rapidly re-examine the potential size of the mineralisation and processing characteristics

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

- Evaluating alternative engineering pathways for new production routes, based on existing technologies and modelled on equipment currently in use at comparable mining operations. Examining lower cost capex development options with potential partners utilising alternative methods for the transportation of concentrate other than a pipeline.
- Ongoing assessment of potential construction/production share partners on a Build-Own-Operate-Transfer model with our farm-in partner, Business Venture Investments No. 1709 (Proprietary) limited ("BVI") and its sister company, Ovation Capital.
- Memorandum of Agreement and co-operation framework (the "MoA") signed with the Mayor of the Lephalale Municipality situated in the Waterberg District of the Limpopo Province.
  - With a full mining permit in place, the MoA secures the necessary consents from local stakeholders for progression of the project into development.
  - Items covered by the MoA include: employment, corporate social responsibility, assisting the Company in recovering important historic geological data, cooperation with other mining companies and skills training. The MoA will assist our discussions with both our existing partners and various third parties with respect to the Moonlight project's future development.
- Progressing the recovery of certain historic drilling and exploration data on the Moonlight and Julieta licence areas held by Anglo American which is currently in the process of compiling a consolidated list of all the available data held by it.

## **Corporate:**

- In early May 2016, the Company received the proceeds of a £650,000 (gross) fundraising further to the completion of a placing and subscription of, in aggregate, 500m new ordinary shares with 500m options attached entitling the holders to subscribe for up to a further 500m shares at a price of 0.165 pence per share over a two year period from 23 June 2016.

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

*"The quarter under review has been extremely productive. In respect of our Moonlight Project in South Africa, we have commenced a new process seeking to determine its true potential as a viable high grade iron production source. A series of initiatives are underway including assessing potential development partnerships, offtake discussions and talks aimed at securing interesting historic data sets on the project.*

*"Whilst the transaction documentation and legal process in respect of our Option over GoldQuest and its Spanish assets have substantially been completed, we have recently secured a nil-cost extension to enable the vendors to resolve certain outstanding administrative issues. It is my firm belief that with the right team in place we can rapidly*

*deliver value on these projects following completion of the acquisition in due course. I believe that all remaining matters should be concluded shortly so that we can then set to work on determining the true nature of the Iberian Projects in what is a highly exciting market for zinc. I look forward to announcing further progress over the course of the third quarter.”*

## Exploration Interests

As at 30 June 2016, the Company held interests in the following:

Project	Location	Right Number	Right Status	Holder	Percentage Interest
Moonlight	Limpopo Province, South Africa	30/5/1/2/2/201 MR	Mining Right Granted	Ferrum Iron Ore (Pty) Ltd	97%
Moonlight	Limpopo Province, South Africa	LP30/6/1/1/2/11868PR	Prospecting Right Application	Ferrum Iron Ore (Pty) Ltd	97%

No licences were acquired or disposed of during the quarter.

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

### Ferrum Crescent Limited

Justin Tooth, Executive Chairman  
Grant Button, Company Secretary  
T: +61 8 9474 2995

#### UK enquiries:

Laurence Read (UK representative)  
T: +44 7557 672 432

### Strand Hanson Limited (Nominated Adviser)

Rory Murphy/Matthew Chandler  
T: +44 (0)20 7409 3494

### Beaufort Securities Limited (Broker)

Elliot Hance  
T: +44 (0)20 7382 8300

## **Bravura Capital (Pty) Ltd (JSE Sponsor)**

Doné Hattingh

T (direct): +27 11 459 5037

### **Notes to Editors:**

#### **Further Information on GoldQuest and the Iberian Projects**

GoldQuest is a private company incorporated in Spain which owns 100 per cent. of both the Toral Project and the Lago Project in northern Spain, each having high prospectivity for lead and zinc.

#### ***Principal Terms of Ferrum Crescent's Option***

- Option to potentially acquire 100 per cent. of GoldQuest. GoldQuest owns 100 per cent. of two lead-zinc exploration projects in the provinces of León and Galicia, in historic Spanish mining areas.
- Exclusive option, valid until 31 August 2016. If exercised, Ferrum Crescent, will be required to:
  - pay up to approximately £320,000 in cash consideration (calculated as a fixed amount of £250,000 plus a further cash payment comprising the lesser of 50 per cent. of GoldQuest's current liabilities and £92,500, minus the option consideration); and
  - issue, credited as fully paid, 100 million new ordinary shares in the capital of Ferrum Crescent.

#### ***Toral Project***

The Toral Project has been extensively explored historically by its previous owners Portex Minerals Inc. and Lundin Mining S.L. and the 2,024ha of mineral rights contains extensive high grade zinc mineralisation. Located in north-west Spain, approximately 400km north-west of Madrid, the project's licence area hosts excellent road, rail and power infrastructure and is situated in a known historic mining jurisdiction. The asset also has a pre-existing NI 43-101 resource estimate reported by Micon International Co. Limited on 30 April 2012.

#### ***Lago Project***

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

#### **Further Information on the Moonlight Project, South Africa**

Ferrum Crescent's principal project is the Moonlight Iron Project located in Limpopo Province in the north of South Africa. The Moonlight Deposit (upon which the Project is based) is a magnetite deposit located on the Moonlight, Gouda Fontein and Julietta farms and is the main operational focus for the Company. Iscor Limited ("Iscor"), which explored the Project in the 1980s and '90s, reported mineralisation capable of producing a concentrate grading at 68.7% iron. At that time, Iscor concluded that the deposit, which was described as being comparable to the world's best, was easily mineable due to its low waste-to-ore ratio. The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

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

Key features of the Project to date are:

- JORC (2012) compliant Mineral Resource;
- Historical drilling, drilling by the Group, geological modelling and a high density geophysical survey conducted by the Company in 2012 confirm tonnage upside potential;
- 30 year Mining Right granted;
- Environmental licence (EIA) in place for the Moonlight mining area (approved 4 April 2013);
- Metallurgical test work indicates the potential for high quality concentrate and/or pellets with in excess of 69% iron content and low deleterious elements (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- The quality of product that can potentially be produced at Moonlight is a clear differentiator against its industry peers, as is the access to infrastructure (port, power and rail);
- Duferco offtake partner (4.5 Mtpa plus first right on a further 1.5 Mtpa if not sold domestically). South Africa currently has a growing demand for high grade iron concentrate and/or pellets for its steel industry;
- Independent valuation by The Mineral Corporation completed in June 2014 - this valuation served as the basis for the recent BVI (Ovation Capital) transaction;
- BEE compliant South African investment company (BVI) will provide a completed BFS to the Group by 2018/19 at no expense to the Group in return for a 39-43% equity position in the Moonlight Project;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power plant (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for potential export of future iron ore products; and
- Local community, Ga-Seleka, has an effective 3% carried interest in the Moonlight Project.

# Appendix 5B

## Mining exploration entity 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")

30 June 2016

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(83)	(360)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	2
1.5 Interest and other costs of finance paid		
1.6 R&D recoupment tax		
1.7 Other – net income on restricted cash investments		
<b>Net Operating Cash Flows</b>	<b>(374)</b>	<b>(1,584)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(215)	(217)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	9	9
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (restricted cash investments)	-	107
<b>Net investing cash flows</b>	<b>(206)</b>	<b>(101)</b>
1.13 Total operating and investing cash flows (carried forward)	(580)	(1,685)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(580)	(1,685)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,279	1,638
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		
1.19.2	Other - First Tranche proceeds from Anvar Asian Investment		
1.19.3	Other – share issue costs	(131)	(163)
	<b>Net financing cash flows</b>	<b>1,148</b>	<b>1,475</b>
	<b>Net increase (decrease) in cash held</b>	<b>568</b>	<b>(210)</b>
1.20	Cash at beginning of quarter/year to date	254	1,029
1.21	Exchange rate adjustments to item 1.20	(79)	(76)
1.22	<b>Cash at end of quarter</b>	<b>743</b>	<b>743</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	35
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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	50
4.2 Development	
4.3 Production	
4.4 Administration	150
<b>Total</b>	<b>200</b>

*The company will be concentrating on doing a capital raise in the next quarter.*

**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	743	254
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>743</b>	<b>254</b>

**Changes in interests in mining tenements**

	Tenement reference	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			

+ See chapter 19 for defined terms.



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

---

6.2 Interests in mining tenements and petroleum tenements acquired or increased

--	--	--	--

---

+ See chapter 19 for defined terms.

### 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>	1,282,791,883	1,280,491,883	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	509,807,692	509,807,692	GBP0.0013	GBP0.0013
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>	500,000 2,500,000 2,000,000 3,000,000 2,000,000 3,000,000 500,000,000	- - - - - - -	<i>Exercise price</i> \$0.03 \$0.08 GBP0.0075 GBP0.02 GBP0.0075 GBP0.02 GBP0.00 165	<i>Expiry date</i> 21 November 2016 19 February 2017 2 February 2018 2 February 2018 1 March 2018 1 March 2018 12 May 2018
7.8 Issued during quarter	500,000,000	-	GBP0.00165	12 May 2018

+ See chapter 19 for defined terms.

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

7.9	Exercised during quarter				
7.10	Expired / cancelled during quarter				
7.11	<b>Debentures (totals only)</b>				
7.12	<b>Unsecured notes (totals only)</b>				

**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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: 22 July 2016

Print name: Grant Button  
 Company Secretary

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity 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 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, 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.

+ See chapter 19 for defined terms.

- 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.

== == == == ==

---

+ See chapter 19 for defined terms.