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

BFS Infrastructure Process Update, South Africa

Highlights

- Detail disclosed on infrastructure suppliers (power, water, rail and port)
- Infrastructure work moving forward following work completed since BFS recommencement in Q4 2014
- Domestic steel supply study underway as part of new infrastructure planning with relevant parties

Ferrum Crescent, the direct reduction iron (DR) pellet project developer, in accordance with best practice disclosure, today announces details of recent progress made with regards to progressing infrastructure negotiations for the Moonlight DR grade iron pellet complex located in Limpopo Province, South Africa. At this time certain elements of the Company's collaborative efforts with infrastructure providers remain commercially sensitive but an update will be made to the market when appropriate.

The principal reasons why the Company recommenced the Moonlight bankable feasibility study (BFS) in Q4 2014 were that the global iron ore market is demonstrating more and more that high grade pelletised products attract a significant premium (with the corollary that lower quality products suffer from a significant discount) and that a mine start schedule of 2019 fits in well with local infrastructure expansion schedules.

Ferrum Crescent is currently undertaking the BFS as part of the development of the Moonlight Iron Project in South Africa. Following recent advances in the BFS, such as confirming the open pit location, the Company has been able to progress negotiations regarding project development with a series of parties, including infrastructure providers. The Moonlight Deposit, which is located some 3.5 hours by road from Johannesburg, is located in a region able to offer an almost complete infrastructure 'solution' for the Project with the Thabazimbi railhead located 220 kilometres away from the mine following the proposed slurry pipeline route and power, water and port infrastructure all established and being augmented by the relevant South African Government bodies. The Company is currently working with a series of relevant parties including regulatory authorities and National and Provincial Governments. The

Company is also undertaking community engagement work in order to ensure it meets all requirements under South African law regarding employment and social contribution. Below is an outline of infrastructure analysis for the Moonlight Iron Project undertaken by the Company:

Road	During the mine and DR complex build, public road access can be utilised to deliver materials and services to the relevant sites. Ferrum Crescent continues to benefit from the Department of Transport's upgrade of the N11 highway, 8km north of the project, which is a major arterial route to the coast
Rail	In view of the forecast for future increased demand for coal from the undeveloped Waterberg coalfields to feed Eskom's power stations in Mpumalanga, Transnet Freight Rail (TFR) has commenced with a rail infrastructure upgrade project, which will be implemented in 4 stages. During a recent meeting with Transnet in March 2015, the following information was provided to Ferrum Crescent. Stage 1 Completed. This was for the construction of a passing loop at Matlabas to enable 100 wagon trains to pass between Lephalale and Thabazimbi. Stage 2 Expansion to 6Mtpa will involve increasing the current capacity on the Lephalale - Thabazimbi – Pyramid South line. The expansion will increase the capacity from Thabazimbi to Ermelo to 6Mtpa. Construction is expected to commence in June 2015 and completion by June 2016. Stage 3 Expansion will increase capacity from Thabazimbi to Ermelo to 12.6Mtpa. A detailed study is in progress and construction is expected to commence in April 2016 with completion by December 2017. Stage 4 Expansion will increase capacity from Thabazimbi to Ermelo to 24Mtpa. Construction is expected to commence in June 2018 with completion by June 2020. In addition to the abovementioned expansions of existing facilities, TFR is also conducting a prefeasibility study for a new heavy haul line from Thabazimbi to Ermelo. Should this project go ahead, it would introduce additional capacity of 30Mtpa, which would be available from 2024 onwards. TFR is also planning to increase the capacity of the Richards Bay line from the current 72Mpta to 81Mtpa by 2018. A further expansion to 97Mtpa is expected by 2020. With the recent announcement that operations at the Thabazimbi Iron Ore mine will be suspended, this will free-up some capacity on the Thabazimbi line (previously 3Mtpa). Transnet Freight Rail Chief Executive Officer Siyabonga Gama has publicly stated that re-building freight capacity on the regional network is key for future development. Once the Moonlight Iron Project BFS production figures are confirmed, Ferrum Crescent will finalise the application for the required rail capacity.
Port-Richards Bay	The Richards Bay port is currently the most suitable port available to Ferrum Crescent, for product to be sold overseas. The port has a number of terminals for the export of a range of commodities. The Dry Bulk Terminal is operated by Transnet Port Terminals (TPT) and handles the export of dry bulk commodities including magnetite and other similar concentrates. The Multi-Purpose Terminal handles various general/break bulk commodities including ferro chrome, pig iron

	and steel/iron products. This terminal is intended to be expanded in phases, progressively increasing capacity from 22.6Mtpa to 60.5Mtpa by 2040. The Richards Bay Navitrade Terminal is a joint venture between Grinrod Terminals and RBT Resources. The capacity of the terminal is intended to be increased from the current 6Mtpa to 20Mtpa to accommodate the production output from small to medium sized companies. The Grinrod Terminal terminal currently handles coal, sulphur, fertiliser, pig iron and heavy minerals. During the course of the BFS, Ferrum Crescent will provide TPT with details of the production output and timing from the Moonlight project and enter into negotiations for port allocations.
Power Supply	The Medupi power station is located in Lephalale and is the nearest source of power supply for the project. Medupi is being constructed and will comprise 6 x 800MW units with 4800MW installed capacity. Boiler synchronisation of the first unit and connection to the grid are currently underway. The other 5 units will come on line at 8 month intervals. The estimated power requirement for Moonlight is between 110- 120 MW. Although a service request was previously submitted, Eskom advised that it would not be able to provide these requirements until early 2017 when the 3rd unit at Medupi is on line. The power supply to the mine and distribution will require construction of a dedicated 132kv line directly from Medupi to the mine. During the BFS, consideration will also be given to the potential of self-generation options. Once the final power requirements are determined during the BFS, the service request will be updated and resubmitted to Eskom.
Water	Potential sources of water supply for the Moonlight Iron Project include the Mokolo and Crocodile River Water Augmentation projects (MCWAP 1 and 2) or direct extraction from the Crocodile River. In addition to the above, other options would include water supply from the Limpopo or Lephalala Rivers by transfer of water allocations through purchases or leases. Artificial recharge facilities along the Limpopo and or Lephalala rivers might also be a consideration. A presentation by the relevant government department was made to the Fossil Fuel Foundation in October 2014 and the following updates on the MCWAP projects were provided: <u>MCWAP 1</u> : Will include a pipeline and pumping station from Mokolo Dam to Lephalale area. This project will supply the needs of Medupi and Matimba power stations, Exxaro and for domestic growth in the Lephalale municipality. On completion, MCWAP 1 will provide 30.5 million cubic metres of water per annum. The expected completion date for the project is by end of October 2015. <u>MCWAP 2</u> : Will include an extraction facility and pumping station on the Crocodile River(West) near Thabazimbi and a pipeline to Steenbokpan and Lephalale (distance of 128 Km). The construction contract is expected to be awarded by December 2016. Water delivery is expected to be by November 2020. On completion of the project, MCWAP 2 will provide 100 million cubic metres of water per annum. The DWA is also considering a further water augmentation project which will involve a transfer scheme from Johannesburg's Klip River waste water treatment works to the head

	waters of the Crocodile River. This project will only be considered if the MCWAP 2 project does not yield sufficient supply. During the PFS Phase of the project, an independent water supply study was carried out by Metago/SLR Consulting. This addressed possible water sources from the areas surrounding the mine. During the BFS, this study will be updated. Ferrum Crescent will continue to engage with the DWA during the BFS regarding water allocations for the project.

As an adjunct to the rail and port work, Ferrum Crescent is also continuing analysis of domestic South African supply routes for its proposed DR hub at Thabazimbi. The Company is working with a number of groups to look at providing long term support to the domestic South African industry as historic feedstock uses cease to become economic. If such a pathway were finalised, the need for export via Richards Bay might be excluded from the BFS model.

Commenting today Tom Revy, Managing Director, said: "Following the start of work in Q4 2014 the BFS and corporate activity have escalated significantly, and the Board believes it is appropriate now to announce to the market more detailed levels of information on our infrastructure development. This work is actively forming the basis of progressing the Moonlight BFS on a number of fronts and I look forward to announcing a further update to the market shortly."

For more information on the Company, please visit that website or contact:

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Notes to Editors

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 Moonlight Iron Project or "Moonlight" or the "Project" is based) is a magnetite deposit located on the farms Moonlight, Gouda Fontein and Julietta and is the main operational focus for the Company. Iscor, which

explored the Project in the 1980s and '90s, reported mineralisation, capable of producing a concentrate grading 68.7% iron. At the time, Iscor concluded that the deposit, which was described as 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 of Moonlight material, undertaken since by Ferrum, suggest that Iscor's 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 the industry standard (P80 of 75 – 125 microns).

Key features of the Project are:

- JORC (2012) compliant Mineral Resource;
- Historical drilling, drilling by the Group, geological modelling and 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 pellets in excess of 69% iron and low deleterious elements possible (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- Low stripping ratio; slurry pipeline>pellet plant at rail head (Thabazimbi); export through Richards Bay;
- Duferco offtake partner (4.5 mtpa plus first right on 1.5 mtpa if not sold domestically);
- Independent valuation 2014 – The Mineral Corporation's independent valuation of the Project released to the market on 11 June 2014;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for iron ore products.