

# Ferrum Crescent Limited

ACN 097 532 137

## **NOTICE OF ANNUAL GENERAL MEETING**

**AND**

### **EXPLANATORY STATEMENT TO SHAREHOLDERS**

FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 30 November 2015 at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151 at 11.00 a.m. (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 the Annual 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:** Monday, 30 November 2015

**LOCATION:** The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151

**TIME:** 11.00 a.m. (Perth time)

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

# FERRUM CRESCENT LIMITED

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## NOTICE OF MEETING

### TIME AND PLACE OF MEETING AND HOW TO VOTE

#### VENUE

The Annual General Meeting of Shareholders of Ferrum Crescent Limited will be held at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151 on Monday, 30 November 2015 at 11.00 a.m. (Perth time).

#### YOUR VOTE IS IMPORTANT

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

#### VOTING IN PERSON

Shareholders may attend the Annual General Meeting on the date and at the place set out above and vote in person.

Holders of Depository Interests (**DI Holders**) may attend the Annual General Meeting but will not be permitted to vote at the Meeting. For their votes to be counted DI Holders must submit their CREST Voting Instruction to the Company's Agent by the required cut-off time set out below. Alternatively, DI Holders can vote using the enclosed Form of Instruction as per the instructions set out below.

#### VOTING BY PROXY

Please note that:

- a. a Shareholder entitled to attend and vote at the Annual 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 Shareholder's 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. a Shareholder 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.

#### Australia (Proxy Forms)

The enclosed Proxy Form provides further details on voting entitlement, 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 Annual General Meeting or handed in at the Annual 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; or
- 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 **11.00 a.m. (Perth time) on 28 November 2015**. Proxy forms received later than this time will be invalid.

#### South Africa (Proxy Forms)

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The enclosed Proxy Form provides further details on voting entitlement, 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 Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the Proxy Form enclosed and deliver the proxy form to:

Computershare Investor Services (Proprietary) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) and to reach them by no later than **5.00 a.m. (SA time) on Saturday, 28 November 2015**.

### United Kingdom (CREST Voting Instruction)

Holders of Depositary Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST Voting Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than **11.00 a.m. (UK time) 25 November 2015**. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of depositary interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the Depositary Interest holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### United Kingdom (Form of Instruction)

Alternatively, DI Holders can vote by completing, signing and returning the enclosed Form of Instruction to the Company's agent (3RA50) no later than **11.00 a.m. (UK Time) on 25 November 2015**.

### CUSTODIAN VOTING

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

### NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Ferrum Crescent Limited will be held at 11.00 a.m. (Perth time) on Monday, 30 November 2015 at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting and a glossary of defined terms not defined in full in this Notice. The Explanatory Statement and the enclosed Proxy Form, or Form of Instruction if you are a DI Holder, form part of this Notice of Meeting. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

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The Directors have determined pursuant to Regulation 7.11.37 and 7.11.38 of the Corporations Regulations that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company at **4.00 p.m. (Perth time) on Saturday, 28 November 2015**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

### AGENDA

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#### Financial Statements and Directors' Report

The financial statements, Directors' Report and Auditor's Report for the year ended 30 June 2015 are to be tabled.

#### RESOLUTIONS

##### 1. Adoption of Remuneration Report (Non-binding)

To consider and, if thought fit, to pass, with or without amendment, the following as an **Ordinary Resolution**:

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes the remuneration report for the Company for the year ended 30 June 2015 be adopted."*

The vote on this resolution is advisory only and does not bind the directors or the Company.

**Voting Prohibition:** In accordance with section 250(R) of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on this resolution if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1 (as set out above), and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 1.

##### 2. Re-election of Grant Button as a director

To consider and, if thought fit, to pass, with or without amendment, the following as an **Ordinary Resolution**:

*"That Mr Grant Button, who retires by rotation in accordance with clause 11.3 of the Constitution, and, being eligible, offers himself for election, be re-elected as a director of the Company."*

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 2.

##### 3. Appointment of auditor

To consider and, if thought fit, to pass, with or without amendment, the following as an **Ordinary Resolution**:

*"That, subject to Ernst & Young receiving the consent of ASIC for it to resign as the Company's auditor in accordance with section 329(5) of the Corporations Act, for the purposes of section 327B of the Corporations Act 2001 (Cth) and for all other purposes, BDO, having been nominated by a Shareholder and consented in writing to act in the capacity of auditor, be appointed as auditor of the Company (and its consolidated entities)."*

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 3.

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### 4. Ratification of grant of Options to Hume Capital plc

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the grant of 5,000,000 Options, having an exercise price of GBP 0.0075 as to 2,000,000 Options and GBP 0.02 as to 3,000,000 Options exercisable at any time until 2 February 2018 (**Hume Options**), to a nominee of Hume Capital Securities plc 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 participated in the issue of the Hume Options and any associates of that person:

However, the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chairman 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.

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 4.

### 5. Ratification of grant of Options to Strand Hanson Limited

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the grant of 5,000,000 Options, having an exercise price of GBP 0.0075 as to 2,000,000 Options and GBP 0.02 as to 3,000,000 Options exercisable at any time until 3 years after their date of grant; that is until 1 March 2018 (**Strand Hanson Options**), to Strand Hanson Limited 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 participated in the issue of the Strand Hanson Options and any associates of that person:

However, the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chairman 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.

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 5.

### 6. Ratification of Placement

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 100,000,000 fully paid ordinary shares (**Placement Shares**) to sophisticated and professional investors 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 participated in the issue of the Placement Shares and any associates of that person:

However, the Company will not disregard a vote if:

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- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chairman 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.

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 6.

**7. Approval of 10% Placement Facility**

To consider and, if thought fit, to pass, with or without amendment, the following as a **Special Resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and 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 may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote cast on this Resolution 7 by a person described above if:

- the person is appointed as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- the person is the Chairman acting as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 7.

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**BY ORDER OF THE BOARD**

**Bob Hair**  
Company Secretary  
**DATED 29 October 2015**

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**EXPLANATORY STATEMENT TO  
SHAREHOLDERS**

**INTRODUCTION**

This Explanatory Statement has been prepared for the information of Shareholders of Ferrum in connection with Resolutions to be considered at the Annual General Meeting to be held at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151 at 11.00 a.m. (Perth time) on Monday, 30 November 2015.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Annual General Meeting.

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 set out in the Notice of Meeting.

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**FINANCIAL STATEMENTS AND DIRECTORS' REPORT**

The Corporations Act requires the reports of the Directors and of the auditor of the Company and the annual financial report, including the financial statements, to be put before the Meeting. The Corporations Act does not require a vote of Shareholders at the Meeting on the reports or statements. However, Shareholders will be given an opportunity to raise questions on the reports and statements for the year ended 30 June 2015 at the Meeting.

**RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is set out in the Directors' Report within the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires the Company to inform Shareholders that a Resolution on the Remuneration Report will be put to the Meeting. Section 250R(2) of the Corporations Act requires that the Resolution that the Remuneration Report be adopted must be put to the vote. Resolution 1 seeks this approval.

However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is an "advisory only" Resolution which does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report. However, the Board recognises that the Shareholder vote on Resolution 1 is an indication of Shareholder sentiment and will have regard to the outcome of the vote and any discussion when setting the remuneration practices of the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

In accordance with the section 250(R)(4) and (5) of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of any Key Management Personnel or a Closely Related Party of such a member and either:

- (a) the person is appointed by writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and

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- (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If 25% or more of the votes cast on this Resolution 1 are cast against the adoption of the Remuneration Report at this Meeting ('**strike**') and at the 2016 annual general meeting of the Company 25% or more the votes cast are also voted against the adoption of the remuneration report for year end 2016 ('**second strike**'), the Company will be required to propose a resolution to Shareholders at the 2016 annual general meeting to hold another general meeting within the following 90 days at which all of the Directors (other than a Managing Director) who were in office when the directors' report for year end 2016 (containing the remuneration report) was approved at Board level will cease to hold office (but may, if eligible, stand for re-election).

**The Company's remuneration report did not receive a strike at the 2014 annual general meeting of the Company.** If the Remuneration Report receives a strike at this Meeting, Shareholders should be aware that if a second strike is received at the 2016 annual general meeting, this may result in re-election of the Board (other than a Managing Director) as outlined above.

### **Voting restriction where proxy is member of the Key Management Personnel**

Pursuant to the Corporations Act, if you elect to appoint a member of Key Management Personnel or any Closely Related Party as your proxy to vote on Resolution 1, you must direct the proxy how they are to vote. Where you do not direct such persons on how to vote on Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote which will not be counted in relation to Resolution 1.

If the Chairman is appointed as your proxy (either directly or by default) and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

**The Directors unanimously recommend that you vote IN FAVOUR of Resolution 1.**

**The Chairman intends to vote all available proxies IN FAVOUR of Resolution 1.**

### **Resolution 2 – RE-ELECTION OF DIRECTOR**

Clause 11.3 of the Constitution provides that (subject to clause 13.39 which provides that a Managing Director shall not retire by rotation in accordance with clause 11.3) at the annual general meeting one-third of the directors for the time being, or, if their number is not three nor a multiple of three, then the number nearest one-third, must retire from office. Accordingly, Resolution seeks the re-election of the director who retires by rotation in accordance with the Constitution, Mr Grant Button.

In the event that Resolution 2 is passed, the Board will consist of Ed Nealon (Chairman and non-executive director), Tom Revy (Managing Director), Klaus Borowski (non-executive director) and Grant Button (non-executive director).

A profile of Grant Button is provided below.

#### **Mr Grant Button**

Non-Executive director

Mr Button is a qualified accountant and has 23 years' financial and other commercial management and transactional experience, including 21 years' experience at a senior management level in the resources industry. He has acted as an executive director, managing director, finance director, CFO and company secretary of a range of publicly listed companies. He is currently an executive director of Magnum Mining & Exploration Limited (ASX: MGU). Mr Button was non-executive chairman of Alamar Resources Limited (ASX: ALG) until his resignation on 11 April 2011 and non-executive chairman of Realm Resources Limited (ASX: RRP) until his resignation on 20 October 2011, and a director of Sylvania Platinum Limited (AIM:SLP) until his resignation on 30 April 2015. He was also a former director of the Company (then named Washington Resources Limited) until his resignation on 1 December 2008. He has not been a



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director of any other listed company in the last three years. Mr Button is chairman of the Company's Audit Committee and Nominations Committee and a member of the Company's Remuneration Committee.

**The Directors (other than Mr Button who abstains from making any recommendation in relation to the resolution that relates to his own re-election) recommend that Shareholders vote IN FAVOUR of Resolution 2.**

**The Chairman intends to vote all available proxies IN FAVOUR of Resolution 2.**

### **RESOLUTION 3 – Appointment of auditor**

The Company is seeking Shareholder approval to appoint BDO as the auditor of the Company (and its consolidated entities).

The decision to appoint BDO as auditor is based on the Company's review of its operations as part of a strategy to reduce its current expenses without reducing the level of service the Company receives. As part of this strategy, the Company wishes to obtain the services of a mid-tier accounting firm with the appropriate experience to undertake auditing services for the Company. The Company believes BDO can provide a similar level of service to Australia's largest accounting firms and the confidence that Shareholders and management of the Company require of the work.

The Company has been very satisfied with the audit services provided by Ernst & Young.

In accordance with section 329(5) of the Corporations Act, Ernst & Young has requested the consent of ASIC to resign with effect from the Meeting (**ASIC Consent**).

Subject to ASIC Consent, upon receiving a formal notice of resignation from Ernst & Young (**Notice of Resignation**), it is proposed that the Company appoint BDO as auditor of the Company (and its consolidated entities).

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for BDO to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure A and has also been sent to Ernst & Young and BDO.

In accordance with section 328A of the Corporations Act, BDO has given its written consent to act as the Company's auditor subject to Shareholder approval of this Resolution 3.

Subject to ASIC Consent and the Notice of Resignation being provided, the Company seeks Shareholder approval to appoint BDO as the auditor of the Company and its consolidated entities to fill the vacancy of Ernst & Young in accordance with section 327B of the Corporations Act and on any terms required by the ASIC Consent.

If Resolution 3 is passed and ASIC Consent is provided, the appointment of BDO as the Company's auditor will take effect at the close of this AGM or at such other time specified by the ASIC Consent.

**The Directors unanimously recommend that you vote IN FAVOUR of Resolution 3.**

**The Chairman intends to vote all available proxies IN FAVOUR of Resolution 3.**

### **RESOLUTIONS 4, 5 AND 6 – RATIFICATION OF GRANT OF OPTIONS AND PRIVATE PLACEMENT**

#### **General**

On 12 February 2015, the Company announced the grant of 5,000,000 Options to a nominee of Hume Capital Securities plc as an incentive for broking services (the "**Hume Options**"). The Hume Options have an exercise price of GBP 0.0075 as to 2,000,000 Options and GBP 0.02 as to 3,000,000 Options exercisable at any time until 2 February 2018. The terms and conditions of the Hume Options are set out in Annexure B.

Resolution 4 seeks Shareholder approval for the ratification of the grant of the Hume Options pursuant to Listing Rule 7.4.

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On 2 March 2015, the Company announced the grant of a further 5,000,000 Options to Strand Hanson Limited as an incentive for the provision of financial advisory services (the “**Strand Hanson Options**”). Strand Hanson Limited subsequently became the Company’s nominated adviser for the purposes of the Company’s quotation on AIM. The Strand Hanson Options have the same terms as the Hume Options, being three year Options with an exercise price of GBP 0.0075 as to 2,000,000 Options and GBP 0.02 as to 3,000,000 Options exercisable at any time until 3 years after their date of grant; that is until 1 March 2018. The terms and conditions of the Strand Hanson Options are set out in Annexure C.

Resolution 5 seeks Shareholder approval for the ratification of the grant of the Strand Hanson Options pursuant to Listing Rule 7.4.

On 14 May 2015, the Company announced that it was undertaking a placement to raise up to GBP 500,000 (AUD 970,000) (before costs) through the issue of 100 million Shares at GBP 0.005 (AUD 0.0097) per Share.

The placement was undertaken in two tranches (together the “**Placement Shares**”):

- (a) the first tranche raised GBP 240,000 (before costs) through the issue of 48,000,000 Shares; and
- (b) the second tranche raised GBP 260,000 (before costs) through the issue of 52,000,000 Shares.

Resolution 6 seeks Shareholder approval for the ratification of the issue of the Placement Shares pursuant to Listing Rule 7.4.

### **Listing Rule 7.4**

Listing Rule 7.4 provides that, where a company in a general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

The effect of Shareholders passing Resolutions 4, 5 and 6 by ratifying the grant of the Hume Options and the Strand Hanson Options and the issue of the Placement Shares will be to restore the Company’s ability to issue further securities in accordance with Listing Rule 7.1.

### **Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the grant of the Hume Options:

- (a) 5,000,000 Hume Options were granted.
- (b) The Hume Options were granted for nil consideration as an incentive to a service provider. The value of the 2,000,000 Hume Options with an exercise price of GBP0.0075 has been calculated to be as at the date of this notice \$0.0044 each. The value of the 3,000,000 Hume Options with an exercise price of GBP0.02 has been calculated to be as at the date of this notice \$0.0027 each.
- (c) The Hume Options are unlisted Options with an Option period of three years and an exercise price of GBP 0.0075 as to 2,000,000 Options and GBP0.02 as to 3,000,000 Options.
- (d) The Hume Options were issued to a sophisticated or professional investor that is not a related party or associate of the Company.

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the grant of the Strand Hanson Options:

- (a) 5,000,000 Strand Hanson Options were granted.
- (b) The Strand Hanson Options were granted for nil consideration as an incentive to a service provider. The value of the 2,000,000 Strand Hanson Options with an exercise price of GBP0.0075 has been calculated to be as at

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the date of this notice \$0.0044 each. The value of the 3,000,000 Strand Hanson Options with an exercise price of GBP0.02 has been calculated to be as at the date of this notice \$0.0027 each.

- (c) The Strand Hanson Options are unlisted Options with an Option period of three years and an exercise price of GBP 0.0075 as to 2,000,000 Options and GBP0.02 as to 3,000,000 Options.
- (d) The Strand Hanson Options were issued to a sophisticated or professional investor that is not a related party or associate of the Company.

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares:

- (a) 100,000,000 Shares were issued under the Placement.
- (b) The Placement Shares were issued at an issue price of GBP 0.005 (AUD 0.0097) each.
- (c) The Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally to in all respect with the Company's existing Shares on issue.
- (d) The Placement Shares were issued to sophisticated and professional investors who are not related parties or associates of the Company.

The funds raised from the issue of the issue of the Placement Shares have been used to cover corporate overhead costs and undertake a new exploration drilling programme (2015) over the Julietta farm, adjacent to the established JORC (2012) resource.

**The Directors unanimously recommend that you vote IN FAVOUR of Resolutions 4, 5 and 6.**

**The Chairman intends to vote all available proxies IN FAVOUR of Resolutions 4, 5 and 6.**

### **RESOLUTION 7 – approval of 10% placement facility**

#### **General**

Listing Rule 7.1A enables “eligible entities” to seek Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An “eligible entity” for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of AU\$300 million or less. The Company is an “eligible entity”.

**While the Company has no current intention to use the 10% Placement Facility, the Company is seeking Shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility.**

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (please refer to Section (c) below).

As stated in its Annual Report released on 30 September 2015, the Company intends to continue to evaluate and develop its existing Moonlight Iron Project in Limpopo Province, northern South Africa. The Company may use the 10% Placement Facility, amongst other things, to evaluate and develop the Moonlight Iron Project and to acquire new resource assets and investments.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

# FERRUM CRESCENT LIMITED

A.C.N. 097 532 137

## NOTICE OF MEETING

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote IN FAVOUR of this Resolution.

The Chairman intends to vote all available proxies IN FAVOUR of Resolution 7.

### Listing Rule 7.1A

(a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the 12 months;
- (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid Shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

**FERRUM CRESCENT LIMITED**  
**A.C.N. 097 532 137**

**NOTICE OF MEETING**

As at the date of this Notice, the Company has on issue 618,787,352 Shares and therefore, subject to the approval of Resolutions 4, 5 and 6, has a capacity to issue:

- (i) 92,818,102 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 8, 61,787,735 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (c) above).

If Resolutions 4, 5 and 6 are not passed, the Company would have the capacity to issue:

- (i) no Equity Securities under Listing Rule 7.1; and
  - (ii) subject to Shareholder approval being obtained under Resolution 8, 61,878,735 Equity Securities under Listing Rule 7.1A.
- (e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date in subparagraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**Listing Rule 7.1A**

The effect of Resolution 7 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

**Specific information required by Listing Rule 7.3A**

Pursuant to, and in accordance with, Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

# FERRUM CRESCENT LIMITED

A.C.N. 097 532 137

## NOTICE OF MEETING

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date in subparagraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The tables below show the dilution of existing Shareholders on the basis of the current market price of Shares (as at the date of this Notice) and the number of Shares as at the date of this Notice (Table 1) calculated in accordance with the formula in Listing Rule 7.1A(2), representing variable "A".

The table also shows:

- (i) two examples where each variable "A" has increased, by 50% and 100%; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% against the current market price of AU\$0.008 (being the closing price of the Shares on ASX on 19 October 2015).

**TABLE 1 – Current number of ordinary securities (as at the date of this Notice)**

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.005 50% decrease in Issue Price	\$0.01 Issue Price	\$0.015 50% increase in Issue Price
Variable A 618,787,353 Shares	10% Voting Dilution	61,878,735 Shares	61,878,735 Shares	61,878,735 Shares
	Funds raised	\$247,514.94	\$495,029.88	\$742,544.82
50% increase in current Variable A 928,181,029 Shares	10% Voting Dilution	92,818,103 Shares	92,818,103 Shares	92,818,103 Shares
	Funds raised	\$371,272.41	\$742,544.82	\$1,113,817.24
100% increase in current Variable A 1,237,574,076 Shares	10% Voting Dilution	123,757,471 Shares	123,757,471 Shares	123,757,471 Shares
	Funds raised	\$495,029.88	\$990,059.77	\$1,485,089.65

# FERRUM CRESCENT LIMITED

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## NOTICE OF MEETING

Table 1 has been prepared on the following assumptions:

- (i) With respect to the number of ordinary securities, there are currently 618,787,353 Shares on issue;
  - (ii) The assumed issue price is AU\$0.008, being the closing price of the Shares on ASX on 19 October 2015.
  - (iii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
  - (v) No Options are exercised into Shares before the date of the issue of the Equity Securities.
  - (vi) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (vii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
  - (viii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (ix) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval provided by Shareholders under Resolution 7 for the issue of Equity Securities pursuant to the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration in relation to costs associated with the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of resource assets or investments (which may include costs associated with due diligence and engagement of advisers in assessing new resource assets), and/or continued exploration expenditure on the Company's existing resource assets and interests in Limpopo Province, South Africa.
- (e) The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

# FERRUM CRESCENT LIMITED

A.C.N. 097 532 137

## NOTICE OF MEETING

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing holders of Equity Securities can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (g) Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.
- (h) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at the annual general meeting of Company held on 27 November 2014. The Company has issued 32,181,898 Equity Securities pursuant to that approval. In the 12 months preceding the date of the Meeting, as at the date of this Notice, the Company has otherwise issued (including issues with prior shareholder approval) a total of 130,684,576 Shares and 10,000,000 Options, representing 29.22% of the total diluted number of equity securities in the Company on issue at the commencement of that 12 month period, being 485,802,777.

Further details of equity securities issued during the 12 months preceding the date of the Meeting (provided in accordance with Listing Rule 7.3A.6(b)) are set out in Annexure D.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. On this basis no existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.



# FERRUM CRESCENT LIMITED

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## NOTICE OF MEETING

### GLOSSARY

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<b>10% Placement Facility</b>	has the meaning given in the Explanatory Statement for Resolution 7.
<b>10% Placement Period</b>	has the meaning given in the Explanatory Statement for Resolution 7.
<b>Annual General Meeting or Meeting</b>	means the Annual General Meeting of Shareholders to be held at the Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia on Monday, 30 November 2015 at 11.00am (Perth time).
<b>Annual Report</b>	means the Director's Report, the Financial Statements and the Auditor's Report in respect to the financial year ended 30 June 2015.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means Australian Securities Exchange.
<b>ASX Listing Rules</b>	means the official listing rules of ASX.
<b>BDO</b>	means BDO Audit (WA) Pty Ltd ABN 79 112 284 787.
<b>Board</b>	means the current board of directors of the Company.
<b>Chairman</b>	means the person appointed to chair the Meeting of the Company convened by this Notice.
<b>Closely Related Party</b>	has the meaning given in section 9 of the Corporations Act.
<b>Company or Ferrum</b>	means Ferrum Crescent Limited A.C.N. 097 532 137.
<b>Constitution</b>	means the current constitution of the Company as at the date of the Meeting.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>DI Holders</b>	means holders of depositary interests in the Company.
<b>Directors</b>	means the current directors of the Company.
<b>Equity Securities</b>	has the same meaning given in Listing Rule 7.1A.
<b>Explanatory Statement</b>	means the explanatory statement accompanying the Notice of Meeting.
<b>Form of Instruction</b>	means, for DI Holders, the form of instruction enclosed with this Notice.
<b>Key Management Personnel</b>	has the meaning given in the accounting standards and broadly means any person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
<b>Notice of Meeting or Notice</b>	means this notice of Annual General Meeting including the Explanatory Statement.
<b>Option</b>	means an option to acquire a Share in the Company.

# FERRUM CRESCENT LIMITED

A.C.N. 097 532 137

## NOTICE OF MEETING

<b>Ordinary Resolution</b>	means a Resolution to be passed by a simple majority of Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
<b>Proxy Form</b>	means, for Shareholders, the proxy form enclosed with this Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company for year ended 30 June 2015 contained in the Director's Report.
<b>Resolution</b>	means a resolution set out in the Notice of Meeting.
<b>Share</b>	means a fully paid ordinary share in the Company.
<b>Shareholder</b>	means a holder of Shares in the Company.
<b>Special Resolution</b>	means a Resolution to be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
<b>Trading Day</b>	means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules.
<b>VWAP</b>	means the volume weighted average price of the Company's Shares as traded on the ASX for the ten trading day period preceding the date of determination.
<b>\$ or \$AU</b>	means Australian dollars.

**ANNEXURE A – NOMINATION OF BDO AS AUDITOR**

13 October 2015

To: The Chairman  
Ferrum Crescent Limited  
PO Box 189, South Perth, WA 6951

Dear Sir

**NOMINATION OF BDO AUDIT (WA) PTY LTD AS AUDITOR OF FERRUM CRESCENT LIMITED**

I, Robert William Hair, being a shareholder of Ferrum Crescent Limited, hereby nominate BDO Audit (WA) Pty Ltd of 128 Hay Street, Subiaco, Western Australia 6008 for appointment as auditor of Ferrum Crescent Limited at its 2015 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Statement for the 2015 Annual General Meeting of Ferrum Crescent Limited as required by section 328B (3) of the Corporations Act 2001.

Yours faithfully



Robert Hair

## ANNEXURE B – TERMS AND CONDITIONS OF HUME OPTIONS

The terms and conditions of the Hume Options are as follows:

1. The exercise of each Hume Option will entitle the holder to one Share.
2. The exercise price of each Hume Option is to be paid in GBP into an account nominated by Ferrum Crescent. The exercise price is GBP0.0075 (for 2,000,000) and GBP0.02 (for 3,000,000).
3. The Hume Options will expire on 2 February 2018, at 5pm AWST.
4. Exercise of the Hume Options is effected by completing an election in writing to exercise such Options and delivering it together with the payment in accordance with clause 2 for the number of Shares in respect of which the Options are exercised to the registered office of Ferrum Crescent.
5. The Option holder is required to exercise the Hume Options in order to participate in a bonus or entitlement issue of Shares made by Ferrum Crescent. The Option holder will be provided with written notice of the terms of the issue to Shareholders and afforded that period as determined by the ASX Listing Rules to exercise its Options if it wishes to participate in the bonus or entitlement issue.
6. If, prior to the expiry of a Hume Option, there is a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Ferrum Crescent, the number of Shares subject to the Hume Option and/or the exercise price will be adjusted in the manner required by the ASX Listing Rules, it being the intention within the requirements of those rules that the adjustment will result in the value of the Hume Options held by the holder being in the opinion of the Ferrum Crescent statutory auditor certified in writing fair and reasonable to the Option holder in the circumstances.
7. All Shares issued upon exercise of the Hume Options will, from the date they are issued, rank equally in all respects with Ferrum Crescent's then issued Shares.
8. Shares allotted and issued pursuant to the exercise of a Hume Option will be allotted within the time prescribed by the ASX Listing Rules. Application must be made for official quotation of the Hume Options on ASX, AIM or JSE in accordance with the requirements of the ASX Listing Rules and the requirements of applicable AIM and JSE rules.
9. A certificate will not be issued for the Hume Options.
10. Application will not be made for official quotation of the Hume Options on ASX, AIM or JSE.
11. Hume Options are not transferable except with the prior written approval of the board of Directors of Ferrum Crescent.
12. For the purposes of these terms:
  - "**AIM**" means the AIM Board of the London Stock Exchange (LSEG).
  - "**ASX**" means the Australian Securities Exchange.
  - "**ASX Listing Rules**" means the Listing Rules of the Australian Securities Exchange.
  - "**JSE**" means JSE Limited.

## ANNEXURE C – TERMS AND CONDITIONS OF STRAND HANSON OPTIONS

The terms and conditions of the Strand Hanson Options are as follows:

1. The exercise of each Strand Hanson Option will entitle the holder to one Share.
2. The exercise price of each Strand Hanson Option is to be paid in GBP into an account nominated by Ferrum Crescent. The exercise price is GBP0.0075 (for 2,000,000) and GBP0.02 (for 3,000,000).
3. The Strand Hanson Options will expire on 1 March 2018, at 5pm AWST.
4. Exercise of the Strand Hanson Options is effected by completing an election in writing to exercise such Options and delivering it together with the payment in accordance with clause 2 for the number of Shares in respect of which the Options are exercised to the registered office of Ferrum Crescent.
5. The Option holder is required to exercise the Strand Hanson Options in order to participate in a bonus or entitlement issue of Shares made by Ferrum Crescent. The Option holder will be provided with written notice of the terms of the issue to Shareholders and afforded that period as determined by the ASX Listing Rules to exercise its Options if it wishes to participate in the bonus or entitlement issue.
6. If, prior to the expiry of a Strand Hanson Option, there is a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Ferrum Crescent, the number of Shares subject to the Option and/or the exercise price will be adjusted in the manner required by the ASX Listing Rules, it being the intention within the requirements of those rules that the adjustment will result in the value of the Strand Hanson Options held by the holder being in the opinion of the Ferrum Crescent statutory auditor certified in writing fair and reasonable to the Option holder in the circumstances.
7. All Shares issued upon exercise of the Strand Hanson Options will, from the date they are issued, rank equally in all respects with Ferrum Crescent's then issued Shares.
8. Shares allotted and issued pursuant to the exercise of a Strand Hanson Option will be allotted within the time prescribed by the ASX Listing Rules. Application must be made for official quotation of the Strand Hanson Options on ASX, AIM or JSE in accordance with the requirements of the ASX Listing Rules and the requirements of applicable AIM and JSE rules.
9. A certificate will not be issued for Strand Hanson Options.
10. Application will not be made for official quotation of the Strand Hanson Options on ASX, AIM or JSE.
11. Strand Hanson Options are not transferable except with the prior written approval of the board of Directors of Ferrum Crescent.
12. For the purposes of these terms:
  - "**AIM**" means the AIM Board of the London Stock Exchange (LSEG).
  - "**ASX**" means the Australian Securities Exchange.
  - "**ASX Listing Rules**" means the Listing Rules of the Australian Securities Exchange.
  - "**JSE**" means JSE Limited.

**ANNEXURE D – ISSUE OF EQUITY SECURITIES SINCE 27 November 2014**

<b>Date of Issue</b>	<b>No. of equity securities</b>	<b>Class of equity securities</b>	<b>Issue Price</b>	<b>Closing Price on date of issue</b>	<b>(Discount)/ Premium to closing price on date of issue</b>	<b>Recipients and basis of issue</b>	<b>Cash/ Non-Cash</b>	<b>Funds Raised</b>	<b>Use of funds/Current value of non-cash consideration</b>
10 December 2014	21,525,819	Ordinary shares	\$0.008	\$0.008	-	Placement of rights issue shortfall to sophisticated investors by private placement	Cash	\$176,206.55	Drilling, working capital
10 December 2014	9,158,757	Ordinary shares	\$0.0187	\$0.008	233.75%	Salary sacrifice shares issued under the Ferrum Crescent Salary Sacrifice Plan	Cash	\$171,268.77	Salaries/fees
11 February 2015	5,000,000	Options	0	\$0.009	N/a	Incentive options for adviser	Non-Cash	Nil	The value of the 2,000,000 Hume Options with an exercise price of GBP0.0075 has been calculated to be as at the date of this notice \$0.0044 each. The value of the 3,000,000 Hume Options with an exercise price of GBP0.02 has been calculated to be as at the date of this notice \$0.0027 each.
2 March 2015	5,000,000	Options	0	\$0.009	N/a	Incentive options for adviser	Non-Cash	Nil	The value of the 2,000,000 Strand Hanson Options with an exercise price of GBP0.0075 has been calculated to be as at the date of this notice \$0.0044 each. The value of the 3,000,000 Strand Hanson Options with an exercise price of GBP0.02 has been calculated to be as at the date of this notice \$0.0027 each.
22 May 2015	48,000,000	Ordinary shares	\$0.01	\$0.01	-	Placement to sophisticated investors	Cash	\$480,000	Drilling, working capital
29 May 2015	52,000,000	Ordinary shares	\$0.01	\$0.01	-	Placement to sophisticated investors	Cash	\$520,000	Drilling, working capital



┌ 000001 000 FCR  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 Victoria 3001 Australia

Alternatively you can fax your form to  
 (within Australia) 1800 783 447  
 (outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
 (custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
 (outside Australia) +61 3 9415 4000

**Proxy Form**

**XX**

**For your vote to be effective it must be received by 11.00am (Perth time) Saturday, 28 November 2015**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report, 24 hours a day, 7 days a week:

**[www.ferrumcrescent.com](http://www.ferrumcrescent.com)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Ferrum Crescent Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Ferrum Crescent Limited to be held at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia on Monday, 30 November 2015 at 11.00am (Perth time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolution:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report (Non-binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Grant Button as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of grant of Options to Hume Capital plc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of grant of Options to Strand Hanson Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /





**Ferrum Crescent Limited**

A.C.N. 097 532 137

**Annual Report**

For the year ended

30 June 2015

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# **Ferrum Crescent Limited**

A.C.N. 097 532 137

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## **Ferrum Crescent Limited**

A.C.N. 097 532 137

### **Corporate Information**

#### **Directors:**

Mr. Ed Nealon  
Mr. Tom Revy  
Mr. Klaus Borowski  
Mr. Grant Button

#### **Company Secretary:**

Mr. Robert Hair

#### **Auditor:**

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9429 2222  
Facsimile (+61 8) 9429 2436

#### **Banker:**

National Australia Bank  
Perth Central Business Banking Centre  
UB13.03, 100 St Georges Terrace  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9441 9530  
Facsimile Australia 1300 652 390

#### **Lawyer:**

Allen & Overy  
Level 27, Exchange Plaza  
2 The Esplanade  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 6315 5900  
Facsimile (+61 8) 6315 5999

#### **Share Registry:**

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9323 2000 or 1300 850 505 (for investors within Australia)  
Facsimile (+61 8) 9323 2033

#### **Registered and Principal Office:**

Suite 6, Ground Floor  
South Mill Centre  
9 Bowman Street  
South Perth WA 6151  
Telephone (+61 8) 9474 2995  
Facsimile (+61 8) 9474 2937  
Website: [www.ferrumcrescent.com](http://www.ferrumcrescent.com)  
Email: [info@ferrumcrescent.com](mailto:info@ferrumcrescent.com)

#### **Stock Exchange Listings:**

Ferrum Crescent Limited's ordinary shares are listed on the Australian Securities Exchange (ASX:FCR), and the JSE Limited (JSE:FCR), and quoted on the AIM market of the London Stock Exchange plc (AIM:FCR)

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report

The Directors of Ferrum Crescent Limited ("Ferrum" or "the Company") (the "Directors") present their report for the financial year ended 30 June 2015.

### Directors

The names and details of the Directors in office during the financial year and at the date of this report are set out below:

Each Director was in office for the entire reporting period unless otherwise stated.

Mr Ed Nealon (*Age 65*) *Chairman, Non-Executive Director*

Mr Nealon is a geologist with some 41 years' experience in the mining and exploration industry. After graduating in 1974, he commenced his career in South Africa with Anglo American Corporation, before moving to Australia in 1980 where he spent two years in exploration with the Rio Tinto Group. He founded his own consulting company in 1983 and has practised in most of the world's major mining centres. He holds a Masters degree in Geology and is a member of the Australasian Institute of Mining and Metallurgy. Mr Nealon was the founder of Aquarius Platinum Ltd (ASX: AQP) and is currently Non-executive chairman of both Richland Resources Ltd (AIM: RLD) and Bezant Resources plc (AIM:BZT). Mr Nealon was Non-executive director of Condoto Platinum NL (ASX: CPD) until his resignation on 21 October 2011. He has not been a director of any other listed company in the last three years. He is a member of the Company's Audit Committee, Remuneration Committee and Nominations Committee.

Mr Klaus Borowski (*Age 75*) *Non-Executive Director*

Mr Borowski is a metallurgical engineer by background, having studied in his home country of Germany. He first arrived in South Africa in 1966, where he was Technical Director of Dunsward Steel until 1979. After a short period in Europe within the steel industry, he returned to South Africa in 1982 and subsequently held several positions in the iron and steel industry in South Africa, including managing director of Krupp South Africa and as executive director of Industrial Metal Supply Co. In 1998, Mr Borowski formed Applied Metallurgical Technologies (Pty) Ltd, and, amongst other things, he was on the steering committee of Saldhana Steel (Pty) Ltd and Duferco Steel Processing. Save for Ferrum, he has not been a director of any other listed company in the last three years. Mr Borowski is chairman of the Company's Remuneration Committee and a member of the Company's Audit Committee and Nominations Committee.

Mr Grant Button (*Age 53*) *Non-Executive Director*

Mr Button is a qualified accountant and has 23 years' financial and other commercial management and transactional experience, including 21 years' experience at a senior management level in the resources industry. He has acted as an executive director, managing director, finance director, CFO and company secretary of a range of publicly listed companies. He is currently an executive director of Magnum Mining & Exploration Limited (ASX: MGU). Mr Button was non-executive chairman of Alamar Resources Limited (ASX: ALG) until his resignation on 11 April 2011 and non-executive chairman of Realm Resources Limited (ASX: RRP) until his resignation on 20 October 2011, and a director of Sylvania Platinum Limited (AIM:SLP) until his resignation on 30 April 2015. He was also a former director of the Company (then named Washington Resources Limited) until his resignation on 1 December 2008. He has not been a director of any other listed company in the last three years. Mr Button is chairman of the Company's Audit Committee and Nominations Committee and a member of the Company's Remuneration Committee.

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Directors' Report

Mr Tom Revy (*Age 51*) *Managing Director*

Mr Revy is a mining professional with over 30 years' experience specialising in operations, project development and corporate management. He has a wealth of experience in project development and planning to assist the Company as it progresses its bankable feasibility study towards construction readiness. As Development Director at Worley Parsons, Mr Revy worked extensively on the Olympic Dam expansion and undertook key studies for companies such as Anglo American and Codelco. Previously Mr Revy worked at design and construction group, GRDMinproc, working on projects such as the Fortescue Metals phase 2 expansions in Western Australia and on the US\$1.8bn Tenke Fungurume project in the DRC. Mr Revy is Non-executive chairman of ASX-listed Empire Resources Limited (appointed January 2010). He has not been a director of any other listed company in the last three years.

Mr Kofi Morna (*Age 55*) *Non-Executive Director resigned 31 December 2014*

Mr Morna holds a Master of Business Administration degree from the London Business School and a Bachelor of Science degree from Princeton University. He is a Non-executive director of Aquarius Platinum Limited (ASX: AQP) and an Executive director of Savannah Resources (Pty) Ltd. He has not been a director of any other listed company in the last three years.

Mr Ted Droste (*Age 73*) *Non-Executive Director resigned 31 December 2014*

Mr Droste is a chemical engineer by background, and after obtaining a BSc in Chemical Engineering in 1962 he worked at African Metals Corporation Limited (now known as Samancor) before joining Sentrachem Limited where he was promoted to the position of Research and Development Manager. Following ten years with Sentrachem, he joined the Industrial Development Corporation of South Africa ("IDC") in 1974 until taking early retirement in 2001 to start his own business. Mr Droste held a number of positions at the IDC, including that of Senior General Manager Projects Division. Mr Droste was chairman of Bay Precision and Mining (Pty) Limited until his resignation in December 2012. He consults to various companies through his investment holding company, TC Droste Investments (Pty) Ltd. He has not been a director of any other listed company in the last three years.

Mr Robert Hair (*Age 62*) *Company Secretary*

Mr Hair is a barrister by background, who has over 26 years' experience in the resources industries. He was a senior manager in the MIM Holdings Group and General Manager Commercial of ASX-listed Highlands Pacific Limited, before becoming a consultant to various companies, principally in the resources sector. He has extensive corporate, commercial and legal experience from his many years of business in Australia and in many other parts of the world. Mr Hair was formerly Managing Director of the Company and is a non-executive director of ASX-listed Carpentaria Exploration Limited (ASX:CAP).

### Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	Number of ordinary Shares	Number of options over ordinary shares
Ed Nealon	26,241,557	-
Tom Revy	2,717,877	2,500,000
Grant Button	5,356,300	-
Klaus Borowski	-	-

## **Ferrum Crescent Limited**

A.C.N. 097 532 137

### **Directors' Report**

#### **Dividends**

No dividend has been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year (2014: Nil).

#### **Principal activities**

The principal activity of the entities within the consolidated entity during the financial year was the exploration for minerals.

#### **Review of operations and activities**

Information on the operations and activities of the Group is set out in the Company and Project overview section on pages 23 to 37 of this Annual Report. The focus of the Group remains the study and, upon confirmation of economic and technical feasibility, the financing, construction and operation of the Moonlight Iron Ore Project ( the "Moonlight Project" or "Moonlight") in Limpopo Province, South Africa. The Company has concluded a detailed review of the Bankable Feasibility Study ("BFS") requirements for the Moonlight Iron Project. A work pathway has been announced that identifies advanced metallurgy, pilot plant construction and final product analysis as the next key components for the BFS. This work will enable final costings to be produced for the mining plan and key items such as the proposed pellet plant. A project schedule for completion of the Moonlight BFS has also been announced.

In carrying out its operations during the reporting period, the Group has incurred a loss after income tax for the period from 1 July 2014 to 30 June 2015 of \$2,345,860 (2014: loss of \$2,549,782). The Group had net assets of \$525,523 (2014: \$952,426) as set out in the Statement of Financial Position.

#### **Significant changes in the Group's state of affairs**

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report that have not otherwise been disclosed elsewhere in the Annual Report.

#### **Significant events after the balance date**

There are subsequent events to report, as follows:

In May 2015, the Company entered into a Memorandum of Understanding ("MOU") with Principle Monarchy Investments (Proprietary) Limited ("PMI"), whereby PMI will pay R142m (US\$12m) to acquire up to 39% of Ferrum Iron Ore (Proprietary) Limited ("FIO"). The incoming funds will be used by FIO towards financing of the BFS costs for the Moonlight Project. In return for an investment of US\$12m, to be paid across three tranches, PMI will receive a total of 39% of FIO's equity.

As at the date of this report, the first payment due under the terms of the MOU had yet to be received such that the MOU was not legally binding at that point.

Furthermore, the Company is at the date of this report at an advanced stage in relation to an alternative BFS financing arrangement with another group.

## **Ferrum Crescent Limited**

A.C.N. 097 532 137

### **Directors' Report**

#### **Likely developments and expected results**

The Group will continue to carry out its business plans, by:

- Exploring, evaluating and, if technically and economically feasible, developing the Moonlight Project in Limpopo Province, South Africa;
- Seeking strategic acquisition opportunities within the exploration and mining industry to potentially enter into advanced projects that will add value to the Group; and
- Continuing to meet its statutory commitments relating to its exploration tenements and carrying out exploration of its exploration tenements in accordance with its stated strategy, whilst carefully conserving the Group's cash reserves to be able to take advantage of potential value adding opportunities.

There can be no guarantee either that further exploration of the Group's tenements will result in exploration success or that any potential strategic acquisition considered by the Directors to be likely to add value to the Group will become available to the Group.

#### **Environmental regulation and performance**

The Group's activities are subject to South African legislation relating to the protection of the environment. The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. There have been no known breaches of these regulations and principles.

#### **Indemnification and Insurance of Directors and officers**

The Group has entered into deeds of access and indemnity with the officers of the Group, indemnifying them against liability incurred, including costs and expenses in defending any legal proceedings. The indemnity applies to a liability for costs and expenses incurred by the Director or officer acting in their capacity as a director or officer.

Except in the case of a liability for legal costs and expenses, it does not extend to a liability that is:

- (a) owed to the Group or a related body corporate of the Group;
- (b) for a pecuniary penalty order under section 1317G or a compensation order under section 1317H or section 1317HA of the Corporations Act 2001; or
- (c) owed to someone other than the Group or a related body corporate of the Company where the liability did not arise out of conduct in good faith.

Similarly, the indemnity does not extend to liability for legal costs and expenses:

- (d) in defending proceedings in which the officer is found to have a liability described in paragraph (a), (b) or (c) above;
- (e) in proceedings successfully brought by the Australian Securities and Investments Commission or a liquidator; or
- (f) in connection with proceedings for relief under the Corporations Act 2001 in which the court denies the relief.

During or since the financial year end, the Company has paid premiums in respect of a contract insuring all the Directors and officers. The terms of the contract prohibit the disclosure of the details of the insurance contract and premiums paid.

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Directors' Report

#### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year end.

#### Non-audit services

The Group may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor, Ernst & Young, for audit and non-audit services provided during the financial year are set out below.

	2015	2014
	\$	\$
Remuneration of the auditor of the Company for Group and subsidiary statutory reporting:		
-auditing or reviewing the Annual financial report	54,523	63,653
-other assurance related services	-	-
	<u>54,523</u>	<u>63,653</u>

#### Directors' meetings

Meetings of directors held and their attendance during the financial year were as follows:

##### Meetings of Board and Committees

	Board	Audit	Remuneration	Nomination
<b>Number of Meetings held:</b>	5	1	-	-
<b>Number of Meetings attended:</b>				
Ed Nealon	5	-	-	-
Tom Revy	5	-	-	-
Klaus Borowski	5	-	-	-
Grant Button	5	1	-	-
Kofi Morna	2	-	-	-
Ted Droste	2	-	-	-



# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report

### Remuneration Report (audited)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, and includes Directors of the Company.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Remuneration Report is presented under the following sections:

1. Individual KMP disclosures
2. Remuneration at a glance
3. Board of Directors (the "Board") oversight of remuneration
4. Non-executive director remuneration arrangements
5. Executive remuneration arrangements
6. Directors and KMP contractual arrangements
7. Equity instruments disclosures
8. Loans to KMP and their related parties
9. Transactions with KMP and their related parties

#### 1. Individual key management personnel disclosures

##### (i) Directors:

Ed Nealon	Non-Executive Chairman	Appointed 9 March 2010
Tom Revy	Managing Director	Appointed 19 February 2014
Klaus Borowski	Non-Executive Director	Appointed 1 September 2010
Kofi Morna	Non-Executive Director	Appointed 15 October 2010 Resigned 31 December 2014
Ted Droste	Non-Executive Director	Appointed 15 October 2010 Resigned 31 December 2014
Grant Button	Alternate Director, Non-Executive Director	Appointed 15 June 2010 and 15 October 2010 respectively

##### (ii) Executives:

Ed Aylmer	BFS Study Manager
Scott Huntly	Strategic Development Manager
Beverley Gardner	Financial Controller
Dave Richards	Compliance Manager
Robert Hair	Company Secretary

#### 2. Remuneration at a glance

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Provide significant portions of executive remuneration "at risk" through participation in incentive plans.

## **Directors' Report**

### **Remuneration Report (continued)**

#### **2. Remuneration at a glance (continued)**

Shares and options issued under incentive plans provide an incentive to stay with the Group. At this stage, shares and options issued do not have performance criteria attached. This policy is considered to be appropriate for the Group, having regard to the current state of its development.

The Company has established a directors' and executives' salary sacrifice plan, pursuant to which individuals may elect for a nominated fixed period to sacrifice all or an agreed percentage of their salary or fees to be applied in the subscription for or on-market purchase of shares in the Company. As such shares may not be purchased or subscribed for during periods that are close periods or when individuals are in possession of inside information, the entitlement to subscribe for shares is determined by calculating the number of shares using the market price for the month concerned. The plan was established to allow for the subsequent settlement of salary or fees from 1 April 2012, and two Directors elected to participate in the plan with effect from that date. Shares listed under the plan are not subject to performance conditions. Shareholder approval for the plan and for the issue of shares under the plan was obtained on 8 August 2012.

The Company also recognises that, at this stage in its development, it is most economical to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the Directors on the basis of their known management, geoscientific, engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its Directors and executives, whether they are employees of or consultants to the Company.

#### **3. Board oversight of remuneration**

##### Remuneration Committee Responsibilities

A Remuneration Committee was established on 14 January 2010 and reconstituted on 15 October 2010 and again on 9 March 2015.

The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

##### Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

#### **4. Non-Executive Director remuneration arrangements**

##### *Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

##### *Structure*

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the Non-Executive Directors as agreed. The current aggregate limit of remuneration for non-executive directors is \$250,000 as approved at the 2010 Annual General Meeting of Shareholders.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report

### Remuneration Report (continued)

#### 4. Non-Executive Director remuneration arrangements (continued)

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Non-Executive Directors is reviewed annually. The Board may consider advice from external consultants, as well as the fees paid to Non-Executive Directors of comparable companies, when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company. No additional fee is paid for participating in Board Committees.

Non-Executive Directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure that there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. Non-Executive Directors may also participate in the Company's share and option plans as described in this report.

#### 5. Executive remuneration arrangements

##### *Objective*

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for Group, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

##### *Structure*

- At this time, the cash component of remuneration paid to executive Directors, the Company Secretary and other senior managers is not dependent upon the satisfaction of performance conditions.
- It is current policy that some executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.
- Executive Directors are encouraged by the Board to hold shares in the Company (purchased on market or in accordance with the Company's salary sacrifice share plan and in accordance with the Company's approved policies to ensure that there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The executive Directors may also participate in the Company's share and option plans as described in this report, including the salary sacrifice share plan. Refer to page 16 for details of options granted during the period.

##### *Performance table*

The following table details the net profit / (loss) of the Company from continuing operations after income tax, together with the basic earnings / (loss) per share since the incorporation of the parent:

	2015 \$	2014 \$	2013 \$	2012 \$	2011 \$
Net profit / (loss) from continuing operations after income tax	(2,345,860)	(2,549,782)	(1,901,288)	4,479,716	(8,141,794)
Basic earnings / (loss) per share in cents	(0.50)	(0.75)	(0.60)	1.53	(3.32)
Share Price in Cents	1.0	1.6	1.4	3	20

## **Directors' Report**

### **Remuneration Report (continued)**

#### **6. Directors' and KMP contractual arrangements**

Mr Nealon currently provides services as Non-Executive Chairman pursuant to a contract dated 29 April 2014. Under this contract, he receives a salary of \$50,000 plus statutory superannuation and reimbursement of expenses. On 1 February 2015 his contract was amended by mutual agreement to a salary of \$40,000 plus statutory superannuation and reimbursement of expenses.

Mr Tom Revy was appointed as Managing Director on 19 February 2014, pursuant to an employment contract of the same date. Under the terms of that contract, he is entitled to receive a gross salary of \$250,000 per annum, plus superannuation of 12%, together with reimbursement of expenses. He was also granted 2,500,000 options to acquire shares in the Company, with an exercise price of \$0.08 and expiring on 19 February 2017. The options are subject to certain performance hurdles, as set out below:

- 500,000 options will vest on completion to the Board's reasonable satisfaction of the formation of the team for the conduct of the BFS on the Moonlight Project;
- 1,000,000 options will vest on completion to the Board's reasonable satisfaction of the BFS; and
- 1,000,000 options will vest once the Moonlight Project has been financed to the Board's reasonable satisfaction.

The contract otherwise contains terms and conditions that are customary in employment contracts for such a position.

Mr. Klaus Borowski was appointed as a Non-Executive Director on 1 September 2010 and receives fees in relation to his services as a Non-Executive Director for the amount of \$40,000 per annum. On 3 November 2010 he entered into a consultancy agreement to provide services in relation to the Company's projects. On 1 February 2015 his service contract was amended by mutual agreement to salary of \$30,000 per annum.

The consultancy agreement involved the payment to a company associated with Mr. Borowski of an annual fee of \$40,000 and reimbursement of expenses. Mr Borowski agreed at a Board meeting held on 23 April 2014 that his consulting fees should be discontinued until detailed feasibility study activities are accelerated following receipt by the Company of significant funding and that consulting fees should be apportioned according to time and activities undertaken by each consultant going forward. No consulting fees were paid during the year ending 30 June 2015.

Mr. Grant Button was appointed as a Non-Executive Director on 15 October 2010 and is entitled to receive fees in relation to his services as a Non-Executive Director for the amount of \$40,000 per annum. On 1 February 2015 his fees were amended by mutual agreement to \$30,000 per annum.

Mr. Kofi Morna was appointed as a Non-Executive Director on 15 October 2010 and was entitled to receive fees in relation to his services as a Non-Executive Director for the amount of \$40,000 per annum until his resignation on 31 December 2014.

Mr. Ted Droste was appointed as a Non-Executive Director on 15 October 2010 and was entitled to receive fees in relation to his services as a Non-Executive Director of \$40,000 per annum until his resignation on 31 December 2014. In addition to fees that he received as a Non-Executive Director, the Company and a company associated with Mr. Droste were parties to an agreement containing the terms and conditions pursuant to which he provided technical and commercial consulting services to the Company.

The agreement involved the payment to the Company associated with Mr. Droste of an annual fee of \$90,000 and reimbursement of expenses. On 23 April 2014, Mr Droste agreed to forego any accrued but unpaid and all ongoing consulting fees until such time as the Company requires his services for the purposes of progressing the Moonlight Project. He further agreed that any further fees due under that agreement would be based on an hourly rate once feasibility study activities are accelerated. No consulting fees were paid during the year ending 30 June 2015.

## **Directors' Report**

### **Remuneration Report (continued)**

#### **6. Directors' and KMP contractual arrangements (continued)**

##### *Agreement with BFS Study Manager*

Mr Ed Aylmer was appointed as BFS Study Manager on 22 October 2014. Mr Aylmer was appointed as a contractor and is responsible to the Managing Director for management of the Moonlight Project, Feasibility Study and any other management work related thereto. His contract contains standard terms and conditions, and he receives a contract fee that is in accordance with his seniority and responsibilities.

##### *Agreement with Strategic Development Manager*

Mr. Scott Huntly was appointed as strategic development manager, effective from 4 March 2011. His employment is subject to a standard form of employment contract, and he receives an annual salary that is in accordance with his seniority and responsibilities.

##### *Agreement with Compliance Manager*

Mr Dave Richards was appointed as Compliance Manager, effective 4 April 2011. His employment was until his resignation as a full time employee, effective at the end of October 2014 subject to a standard form employment contract and he received an annual salary that is in accordance with his seniority and responsibilities. On 1 November 2014, Mr Richards signed a consultancy contract with the Company to work on a time related basis.

##### *Agreement with Financial Controller*

Mrs. Beverley Gardner was appointed as project accountant, effective 1 July 2011 and as financial controller effective from 1 December 2011. Her employment is subject to a standard form employment contract and she receives an annual salary that is in accordance with her seniority and responsibilities.

##### *Agreement with Company Associated with the Company Secretary*

On 29 April 2014, a company associated with Mr Hair entered into a contract with the Company whereby Mr Hair provides the services of Company Secretary. Under this contract, the company associated with him receives a fee currently set at \$5,000 plus GST per month. This contract contains standard terms and conditions for such a position and can be terminated at any time for cause, otherwise by three months' notice.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report (continued)

### Remuneration report (continued)

#### Remuneration of key management personnel of the Company and the Consolidated Entity

Table 1: Remuneration for the years ended 30 June 2014 and 30 June 2015

		Short-term benefits				Post-employment		Long - term benefits		Share-based payments		Termination payments	Total	Performance related	Options
		Salary & fees	Cash bonus	Non Monetary Benefits	Other	Superannuation	Retirement benefits	Cash Incentives	Long Service Leave	Options	Share Rights (Salary Sacrifice)				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Non-executive directors</b>															
Klaus Borowski	2015	35,833	-	-	-	-	-	-	-	-	-	-	35,833	-	-
	2014	63,625	-	-	-	-	-	-	-	-	-	-	63,625	-	-
Grant Button <sup>(1)</sup>	2015	32,557	-	-	-	3,185	-	-	-	-	8,181	-	43,923	-	-
	2014	17,064	-	-	-	3,303	-	-	-	-	19,633	-	40,000	-	-
Kofi Morna	2015	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-	-
	2014	40,000	-	-	-	-	-	-	-	-	-	-	40,000	-	-
Ted Droste	2015	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-	-
	2014	74,312	-	-	-	-	-	-	-	-	-	-	74,312	-	-
Ed Nealon <sup>(1)</sup>	2015	12,505	-	-	-	4,354	-	-	-	-	33,333	-	50,192	-	-
	2014	-	-	-	-	-	-	-	-	-	80,000	-	80,000	-	-
<b>Executive directors</b>															
Tom Revy <sup>(2)</sup>	2015	250,000	-	-	-	30,000	-	-	-	41,399	-	-	321,399	-	12.88%
	2014	105,774	-	-	-	10,984	-	-	-	22,031	-	-	138,789	-	15.87%
<b>Subtotal</b>	<b>2015</b>	<b>370,895</b>	-	-	-	<b>37,539</b>	-	-	-	<b>41,399</b>	<b>41,514</b>	-	<b>491,347</b>		
<b>Subtotal</b>	<b>2014</b>	<b>300,775</b>	-	-	-	<b>14,287</b>	-	-	-	<b>22,031</b>	<b>99,633</b>	-	<b>436,726</b>		

(1) These directors opted to partake in the Salary Sacrifice share scheme for the 2014 and 2015 financial years.

(2) Joined the company on 19th February 2014.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report (continued)

### Remuneration report (continued)

#### Remuneration of key management personnel of the Company and the Consolidated Entity (continued)

Table 1: Remuneration for the years ended 30 June 2014 and 30 June 2015 (continued)

		Short-term benefits				Post-employment		Long - term benefits		Share-based payments		Termination payments	Total	Performance related	
		Salary & fees	Cash bonus	Non Monetary Benefits	Other	Superannuation	Retirement benefits	Cash Incentives	Long Service Leave	Options	Salary Sacrifice		\$	%	%
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		%	%
<b>Other key management personnel</b>															
Robert Hair <sup>(1)</sup>	2015	60,000	-	-	-	-	-	-	-	-	-	-	60,000	-	-
	2014	151,000	-	-	-	-	-	-	-	-	-	-	151,000	-	-
Vernon Harvey <sup>(2)</sup>	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-	-	2,715	2,715	-	-
Scott Huntly	2015	156,117	-	-	2,004	-	-	-	-	-	-	-	158,121	-	-
	2014	187,147	-	-	-	-	-	-	-	-	21,449	-	208,596	-	-
Dave Richards	2015	43,401	-	-	358	-	-	-	-	1,381	-	-	45,139	-	3.06%
	2014	79,283	-	-	-	-	-	-	-	912	-	-	80,195	-	1.14%
Andrew Nealon	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-	50,000	-	50,000	-	-
Beverley Gardner	2015	117,952	-	-	1,740	-	-	-	-	1,381	-	-	121,073	-	1.14%
	2014	120,129	-	-	-	-	-	-	-	912	-	-	121,041	-	0.75%
Ed Aylmer	2015	75,796	-	-	200	-	-	-	-	-	-	-	75,997	-	-
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total executive KMP</b>	<b>2015</b>	<b>824,161</b>	<b>-</b>	<b>-</b>	<b>4,302</b>	<b>37,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,161</b>	<b>41,514</b>	<b>-</b>	<b>951,678</b>		
<b>Total executive KMP</b>	<b>2014</b>	<b>838,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,855</b>	<b>171,082</b>	<b>2,715</b>	<b>1,050,273</b>		

(1) Resigned as a director in April 2014 and became company secretary. 2013 AUD68,000 Salary Sacrifice waived at directors meeting in September 2013

(2) Additional termination fees.

No remuneration is performance related for 2014 or 2015.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report (continued)

### Remuneration report (continued)

#### 7. Equity Instruments disclosures

Table 2: Share options awarded and vested during the year (consolidated)

30 June 2015	Options awarded No.	Terms and Conditions for each Grant during the year						Options vested during the year	
		Award date	Fair value per option at award date (\$)	Exercise price (\$)	Expiry date	First exercise date	Last exercise date	No.	%
<b>Non-executive directors</b>									
Ed Nealon	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Klaus Borowski	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Grant Button	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Kofi Morna	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Ted Droste	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
<b>Total non-executive directors</b>	-								
<b>Executive directors</b>									
Tom Revy	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
<b>Other key management personnel</b>									
Beverley Gardner	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Dave Richards	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Robert Hair	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
<b>Totals</b>	-								

Incentive options granted to key management personnel will generally only be of benefit if the executives perform to the level whereby the value of the consolidated entity increases sufficiently to warrant the exercising of the incentive options granted. Other than service based vesting conditions, there are no additional performance criteria on the incentive options granted to executives



# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report (continued)

### Remuneration report (continued)

#### 7. Equity Instruments disclosures (continued)

Table 2: Share options awarded and vested during the year (consolidated) (continued)

30 June 2014	Options awarded during the year No.	Award date	Terms and Conditions for each Grant during the year					Options vested during the year	
			Fair value per option at award date (\$)	Exercise price (\$)	Expiry date	First exercise date	Last exercise date	No.	%
<b>Non-executive directors</b>									
Ed Nealon	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Klaus Borowski	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Grant Button	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Kofi Morna	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Ted Droste	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
<b>Total non-executive directors</b>	-								
<b>Executive directors</b>									
Tom Revy	2,500,000	20 Feb 2014	\$0.04195	\$0.08	20 Feb 2017	20 Feb 2014	20 Feb 2017	Nil	Nil
<b>Other key management personnel</b>									
Robert Hair	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Beverley Gardner	250,000	21 Nov 2013	\$0.01659	\$0.03	21 Nov 2015	21 Nov 2013	21 Nov 2015	Nil	Nil
Dave Richards	250,000	21 Nov 2013	\$0.01659	\$0.03	21 Nov 2015	21 Nov 2013	21 Nov 2015	Nil	Nil
<b>Totals</b>	<b>3,000,000</b>								

Incentive options granted to key management personnel will generally only be of benefit if the executives perform to the level whereby the value of the consolidated entity increases sufficiently to warrant the exercising of the incentive options granted. Other than service based vesting conditions, there are no additional performance criteria on the incentive options granted to executives

Refer to Page 12 for performance conditions attached to options issued to Tom Revy.

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Directors' Report (continued)

#### Remuneration report (continued)

#### 7. Equity Instruments disclosures (continued)

Table 3: Share holdings

2015	Shares				
	Balance 1-July-2014	Rights Exercised	On Exercise of Options	Net Change Other (i)	Balance 30-Jun-15
<b>Directors</b>					
Ed Nealon	9,340,607	-	-	16,900,950	26,241,557
Grant Button	1,436,000	-	-	3,920,300	5,356,300
Tom Revy	-	-	-	2,717,877	2,717,877
<b>Executives</b>					
Lindsay Cahill	832,500	-	-	-	832,500
Scott Huntly	6,723,087	-	-	-	6,723,087
Robert Hair	8,176,887	-	-	-	8,176,887
Beverley Gardner	92,378	-	-	711,585	803,963
	<b>26,601,459</b>	-	-	<b>24,250,712</b>	<b>50,852,171</b>

\*Issued under the employee share plan

- (i) Net change other includes:
- acquisitions and disposals on market
  - issued in settlement of fees
  - subscribed in share issue
  - subscription for options
  - sales / transfers
  - appointment / resignation as director
  - exchange of options for shares
  - salary sacrifice share scheme shares issued

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Directors' Report (continued)

#### Remuneration report (continued)

#### 7. Equity Instruments disclosures (continued)

Table 4: Option holdings

2015	Options							
	Balance 1-July-2014	Granted	Received as Remuneration	Options Expired	Net Change Other (i)	Balance 30-Jun-15	Vested & Exercisable 30-Jun-15	Vested & Not Exercisable 30-Jun-15
<b>Directors</b>								
Tom Revy	2,500,000	19 Feb 2014	-	-	-	2,000,000	500,000	-
<b>Executives</b>								
Vernon Harvey	400,000	14 Dec 2012	-	(400,000)	-	-	-	-
Dave Richards	250,000	21 Nov 2013	-	-	-	250,000	-	-
Beverley Gardner	250,000	21 Nov 2013	-	-	-	250,000	-	-
	<b>3,400,000</b>	-	-	<b>(400,000)</b>	-	<b>2,500,000</b>	<b>500,000</b>	-

Table 5: Share rights holdings

2015	Share rights						
	Balance 1-July-2014	Received as Remuneration (i)	Shares Issued	Net Change Other	Balance 30-Jun-15	Vested 30-Jun-15	Exercisable 30-Jun-15
<b>Directors</b>							
Ed Nealon	3,756,630	2,772,812	(6,529,442)	-	-	-	-
Grant Button	921,933	680,490	(1,602,423)	-	-	-	-
	<b>4,678,563</b>	<b>3,453,302</b>	<b>(8,131,865)</b>	-	-	-	-

(i) Received in accordance with Ferrum Crescent Salary Sacrifice Plan refer Table 6 below

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' Report (continued)

### Remuneration report (continued)

#### 7. Equity Instruments disclosures (continued)

Table 6: Shares issued under the Salary Sacrifice Scheme

Rights issued	Value \$	Number of shares issued	
		E Nealon	G Button
<b>Unexercised rights 1 July 2013</b>		<b>2,648,617</b>	<b>552,504</b>
July 2013	\$0.012	555,556	136,342
August 2013	\$0.013	512,821	125,854
September 2013	\$0.041	161,812	39,711
October 2013	\$0.022	300,300	73,698
November 2013	\$0.035	188,324	46,218
December 2013	\$0.032	208,333	51,128
January 2014	\$0.037	179,211	43,981
February 2014	\$0.042	160,256	39,329
March 2014	\$0.022	303,030	74,368
April 2014	\$0.020	330,033	80,995
May 2014	\$0.016	450,450	110,547
June 2014	\$0.016	406,504	99,762
<b>Total rights issued</b>		<b>6,405,247</b>	<b>1,474,437</b>
<b>Waived by directors in September 2013</b>		<b>(2,648,617)</b>	<b>(552,504)</b>
<b>Exercised</b>		-	-
<b>Unexercised rights at 30 June 2014</b>		<b>3,756,630</b>	<b>921,933</b>
July 2014	\$0.038	175,439	43,055
August 2014	\$0.021	317,460	77,910
September 2014	\$0.017	401,606	98,560
October 2014	\$0.007	952,381	233,729
November 2014	\$0.007	925,926	227,236
<b>Total rights issued</b>		<b>6,529,442</b>	<b>1,602,423</b>
<b>Waived by directors</b>		-	-
<b>Exercised</b>		<b>(6,529,442)</b>	<b>(1,602,423)</b>

	30 June 2015					30 June 2014						
	Brought forward	Number of share rights			Total \$	Brought forward	Number of share rights			Outstanding	Total \$	
		Issued	Waived	Exercised			Issued	Waived	Exercised			
E Nealon	3,756,630	2,772,812	-	(6,529,442)	-	2,648,617	3,756,630	(2,648,617)	-	-	3,756,630	80,000
G Button	921,933	680,490	-	(1,602,423)	-	552,504	921,933	(552,504)	-	-	921,933	19,633
<b>Total</b>	<b>4,678,563</b>	<b>3,453,302</b>	<b>-</b>	<b>(8,131,865)</b>	<b>-</b>	<b>3,201,121</b>	<b>4,678,563</b>	<b>(3,201,121)</b>	<b>-</b>	<b>-</b>	<b>4,678,563</b>	<b>99,633</b>

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Directors' Report (continued)

#### Remuneration report (continued)

#### 8. Equity Instruments disclosures (continued)

Table 7: Number of employee shares (under non-recourse loan schemes) held by directors and executives:

##### 2015

Directors	Balance 1-July-14	Received as Remuneration	Options Exercised	Net Change Other (i)	Balance 30-Jun-15
Ed Nealon	1,100,000	-	-	(500,000)	600,000
Grant Button	900,000	-	-	(400,000)	500,000
<b>Executives</b>					
Lindsay Cahill	450,000	-	-	(100,000)	350,000
Robert Hair	1,000,000	-	-	(500,000)	500,000
	<u>3,450,000</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>	<u>1,950,000</u>

(i) Share rights (under non-recourse loan schemes) that expired during the year.

#### 9. Loans to Key Management Personnel and their Related Parties

There were no loans to Directors or other key management personnel at any time during the year ended 30 June 2015 (2014: Nil).

#### 10. Transactions with Key Management Personnel and their Related Parties

The following transactions were undertaken between the Company, executive officers and director-related entities during 2015 and 2014

	2015 \$	2014 \$
Consulting secretarial fees were paid or accrued to Athlone International Consultants Pty Ltd, a company with which Andrew Nealon is associated <sup>(1)</sup>	-	50,007
Consulting fees were paid or accrued to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder <sup>(1)</sup>	60,000	151,000
Consulting fees were paid to T.C. Droste Investments Pty Ltd, a company of which Ted Droste is a director and shareholder <sup>(2)</sup>	-	34,313

The above fees have been disclosed in Remuneration Table 1

None of the above fees were outstanding at 30 June 2015 thus no doubtful allowance has been made.

(1) KMP at the time of receiving the above consulting fees

(2) Director at the time of receiving the above consulting fees

#### End of Remuneration Report

**Ferrum Crescent Limited**


A.C.N. 097 532 137

**Directors' Report (continued)**

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 97 and forms part of this report.

This report is made in accordance with a resolution of the Directors.



G Button  
Non-Executive Director  
Perth  
30 September 2015

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Company and Project Overview

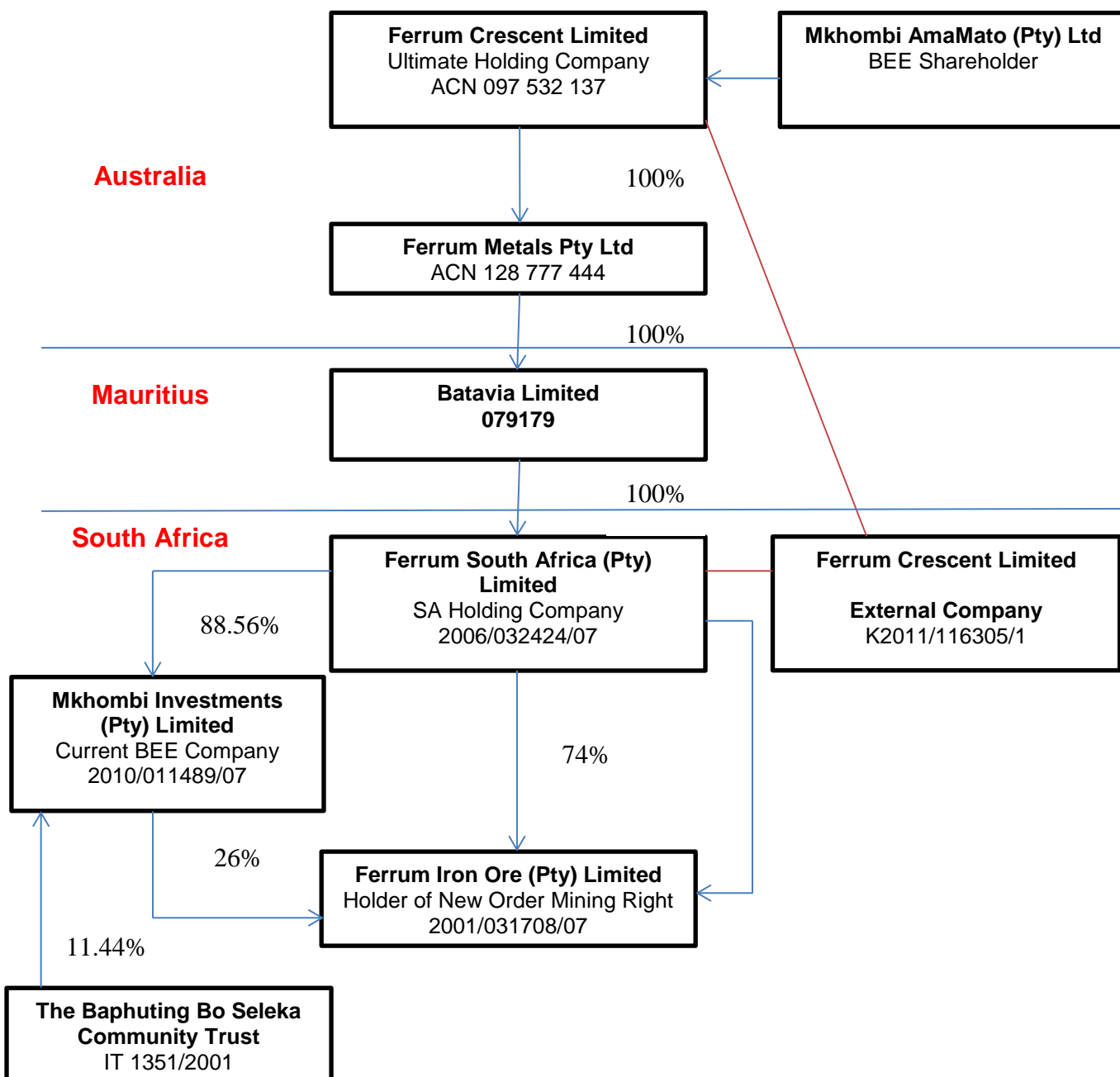
### Introduction to the Group

Ferrum Crescent Limited (“Ferrum”, “FCR” or the “Company”) is an Australian company listed on the Australian Securities Exchange (ASX: FCR) and on the JSE Limited (JSE: FCR) and quoted on the AIM market of the London Stock Exchange plc (AIM: FCR).

Ferrum’s corporate structure is shown in Figure 1 below.

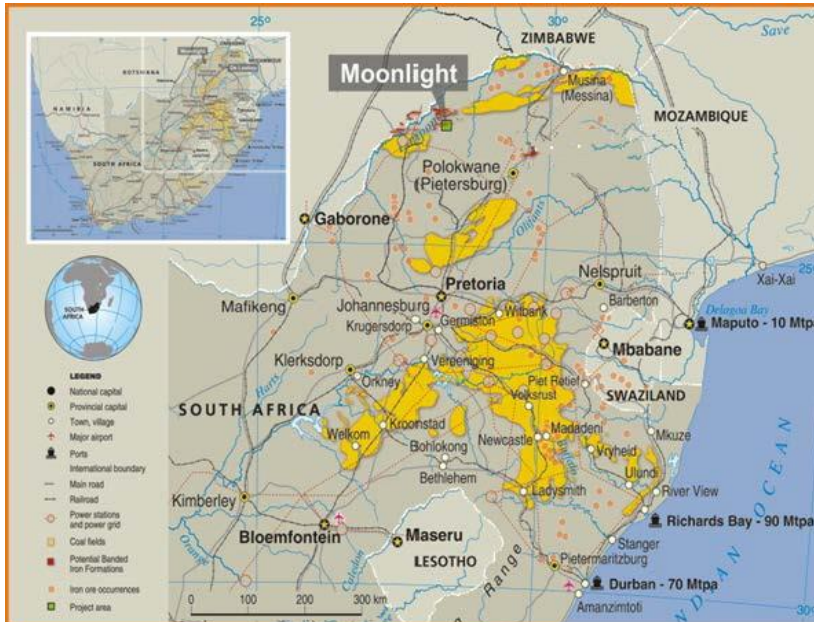
This reflects the beneficial ownership interests that have been accounted for as at 30 June 2015.

**Figure 1: Ferrum Group Structure**



## Company and Project Overview

**Figure 2: Project's Location**



Ferrum seeks to capitalise on the future demand for high quality iron products worldwide by producing a premium material that can be used in the manufacture of steel in electric arc furnaces.

The Moonlight Deposit (upon which the Moonlight Project is based) is a magnetite deposit located on the farms Moonlight, Gouda Fontein and Julietta in Limpopo Province in the north of South Africa (see Figure 2) and is the main operational focus for the Company. Iron and Steel Industrial Corporation (South Africa) (“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 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, 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 microns). Importantly, the Moonlight material should be amenable to the manufacture of direct reduction (“DR”) grade iron pellets, which are in high demand by modern steel manufacturers.

Various key components of a BFS have already been concluded on the Project with significant milestones achieved to date including:

- Definition and reporting of an independent JORC Code (2012) compliant Mineral Resource estimate of 307.7Mt at 26.9% Fe of which the Inferred category is estimated to contain 172.1Mt at 25.3% Fe; the Indicated - 83Mt at 27.4% Fe and Measured - 52.6Mt at 31.3% Fe (May 2012)
- 30 year Mining Right granted
- Environmental licence (EIA) in place for the Moonlight Project mining area (approved 4 April 2013)
- Metallurgical test work indicates high quality pellets in excess of 69% iron and low deleterious elements possible

The Company is now seeking to progress with final stage BFS work such as engineering design, connection to local infrastructure and permitting for the pelletising operation.

Moonlight has already had significant amounts of metallurgical process work undertaken on it and determining the optimum process represents a critical path for the whole Project. As a potential producer of a high-grade iron ore product, the final assessment of Moonlight's capability to operate and process ore at an industrial scale is all important.



## **Ferrum Crescent Limited**

A.C.N. 097 532 137

### **Company and Project Overview**

Metallurgists continue to work closely with geologists to identify key areas for representative sample selection for advanced metallurgical testing including a pilot test work programme. Immediate test work will focus on financially optimising grind size vs iron recovery.

Future work will also focus on optimising the pelletising process including an assessment of temperature profiling and treatment times.

Work to date on mine planning has been based on a contract mining model for site development, overburden removal and general open pit mining activities. A low stripping ratio is expected: 1:1.5 during the early years of operations (relatively shallow dips with occurrence of up to 4 magnetite-bearing zones).

Feasibility requirements that still need to be completed include:

- geotechnical drilling (part complete), mine design, mine reserve estimation based on certain cut-off estimates and economic criteria and a final estimate of mining costs from an adjudicated tender process for contract mining;
- finalising pipeline route for environmental impact study completion;
- optimising pipeline design and costing (finalising rheology / density and particle size distribution);
- finalising negotiations with Eskom (power) for capital costs and tariffs once mining/process demand/schedules are finalised for the anticipated 110-120MW needed; and
- finalising negotiations with Transnet (rail and port) for planning and costing of loading / unloading facilities, wagon and locomotive requirements and port handling and storage costs. Transnet will need to review the Project's infrastructure requirements as part of the feasibility component and finalisation of commercial arrangements and an appropriate area and connection at the port (Richards Bay) will need to be secured by the Company.

### **Moonlight Project Concept**

Recognising that adding value within the country is a strategic preference for all mining operations within South Africa, Ferrum has consistently planned for beneficiation and other value-adding processes to take place within the country. Project concepts have previously included the production of pig iron at or near the Moonlight site. However, the Company now believes, that the most sustainable development concept for the Project is likely to involve mining at site and the production of an iron ore concentrate for transportation via a slurry pipeline to a manufacturing facility near the Thabazimbi railhead. High quality iron ore pellets (which would be a mixture of DR grade pellets suitable for use in electric arc steel furnaces, and blast furnace pellets) would then be transported by rail to local users and to a suitable port facility for export internationally.

Several pelletiser sites and rail and port combinations have been considered, and the Company has continued to seek confirmation from infrastructure providers (including rail, port and power suppliers) of an allocation of future capacity for the Company. During the 2012 financial year, the South African Government announced that significant capital would be applied in upgrading the rail and port facilities that service the Waterberg Region, which is close to where the Moonlight Deposit is situated. These planned upgrades are strategically necessary to unlock the value of the Waterberg Region, where the country's most significant remaining coal reserves are situated. Accordingly, rail, power, water and port facilities are all being upgraded as a matter of national priority.

# Ferrum Crescent Limited

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## Company and Project Overview

### Proposed Rail Upgrades to Waterberg Coal Sources

Figure 3 below contains a map showing the planned upgrades to the existing rail infrastructures considered to be the most likely to be used for the Moonlight Project. The proposed pelletising facility would be situated near to the Thabazimbi railhead, and export product would be railed to Richards Bay for shipping to customers in the Middle East and elsewhere.

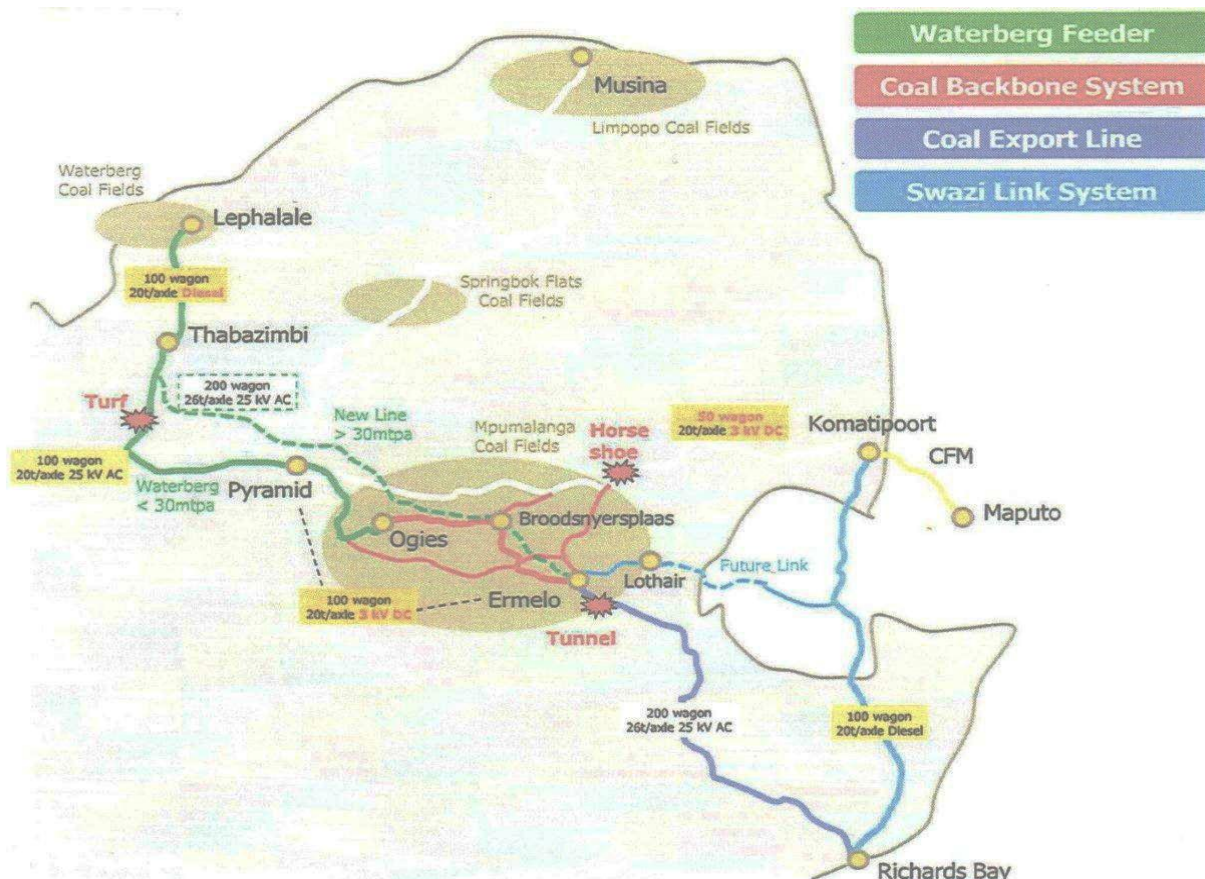


Figure 3: Proposed Rail Upgrades to Waterberg Coal Sources (source: Transnet 2012)

In June 2011, the Company entered into an offtake agreement with Swiss based Duferco SA, a leading private company involved in the trading, mining, and end use of iron and steel products and raw materials for the steel industry. Following due diligence on the mineral assets of the Company, Duferco concluded that the Group should be able to produce direct reduction and/or blast furnace pellets equal to or better than current world class product.

The offtake agreement with Duferco covers up to 6 Mtpa of anticipated future iron ore pellet production from the Project. Under the agreement, Ferrum will sell Duferco all of its production available for export (in total 4.5 Mtpa) and will give Duferco a right of first refusal over an additional 1.5 Mt per annum to the extent that such product is not sold domestically, thereby allowing Ferrum to pursue a growth strategy.

In June 2015, South Africa's competition authorities approved, with certain conditions, a merger between China's Hebei Iron and Steel Group Co. and Duferco International Trading Holding, which has certain subsidiaries in South Africa. This transaction is not expected to affect the Company's pre-existing offtake agreement.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Company and Project Overview

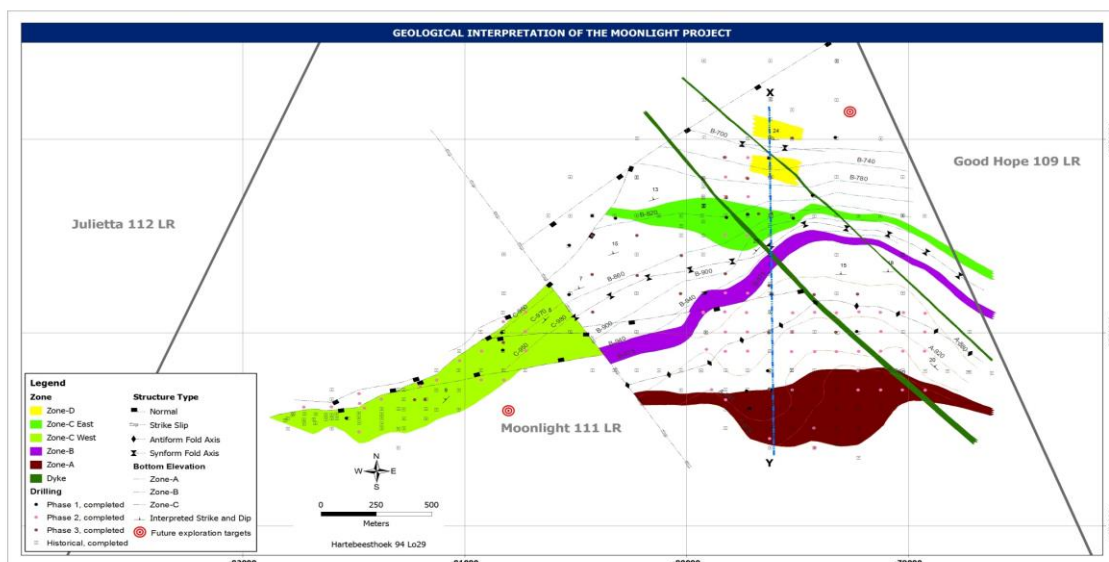
### Environmental

EIAs are currently being prepared for certain aspects of the Project including the pellet plant site and pipeline route. Environmental approvals are already in place in respect of all mining activities.

### Geology and Mineral Resources

The Mineral Resources are currently located entirely on the farm Moonlight 111LR, with significant potential for future expansion of the existing resource base within the Project area once all current work streams have been financed and completed.

In 2014, Mineral Corporation Consultancy Pty Ltd (“The Mineral Corporation”) undertook an update of the Project’s Mineral Resource estimate to the requirements of JORC (2012), having previously been reported in accordance with JORC (2004). It determined that the Mineral Resource classification criteria imposed in deriving the previous estimate were still valid. Furthermore, the additional reporting requirements contained in JORC (2012) have been fully complied with in its updated independent Mineral Resource estimate report.



**Figure 4: Moonlight Deposit Geological Plan**

A summary of the information related to the updated Mineral Resource estimate prepared by The Mineral Corporation is provided below (in accordance with the ASX Listing Rules, Section 5.8.1):

Magnetite mineralisation has been identified in five mineralised zones within Mount Dowe Group rocks in the Central Zone of the Limpopo Mobile Belt. The mineralised zones are interpreted to have been tightly-folded, parallel to the east-northeast to west-southwest orientation of the Limpopo Mobile Belt.

Iron concentrations within the magnetite mineralised zones are interpreted to be parallel with the contacts with the host rocks, and zones of unmineralised material are also found within the mineralised zones.

The Project has been explored in the past by Kumba Iron Ore Limited (KIOL) and more recently by Ferrum Crescent Limited (“FCL” or “Ferrum”). Drilling data from KIOL and three phases of Ferrum exploration inform the estimate. The drilling comprised open-hole percussion, reverse circulation (RC) percussion and diamond core drilling and was all drilled in a vertical orientation.

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Limited information on the drilling, sampling, sub-sampling or assaying for the historic KIOL data is known, but the RC and diamond drilling portions of the KIOL data have been accepted for the Mineral Resource estimate on the basis of successful borehole twinning analysis, by Ferrum.

During Ferrum's exploration, industry standard diamond drilling and RC drilling techniques were used to generate sampling information. Representivity was ensured by appropriate sub-sampling protocols. RC samples (1m-2m) were riffle split on site and diamond core samples were halved with a diamond saw. Ferrum's drilling, sampling and sub-sampling protocols are considered acceptable for the style of mineralisation.

A total of 122 RC holes and 89 diamond core holes were employed in the Mineral Resource estimate.

For the Ferrum samples, primary samples and analytical quality assurance and control samples were submitted to Genalysis Laboratory Services (Johannesburg) for analysis by X-Ray Fluorescence techniques, by Intertek Utama Services (Jakarta). The analytical protocols are considered acceptable for the style of mineralisation at the Project.

Samples within each mineralised zone were composited parallel to the dip of the mineralised zone and variograms were calculated and modelled to assess grade continuity. Vertical grade continuity was assessed by downhole variograms. Variogram ranges of between 150m and 250m were obtained in the plane of the mineralised zones and between 7m and 30m in the vertical direction. Grade estimation was by means of Ordinary Kriging, using search parameters aligned with the mineralised zones, into blocks of 50m x 50m x 5m.

The drill spacing, surface mapping, structural interpretation, variography and kriging error estimates informed the Mineral Resource classification, which included Inferred, Indicated and Measured Mineral Resources. In areas of well-defined geological structure and modest grade variability, a 100m x 100m drill spacing grid was deemed sufficient for Measured Mineral Resources and the deemed maximum spacing for Inferred Mineral Resources is approximately 300m x 300m. Indicated Mineral Resources are informed by a drill spacing of approximately 200m x 200m.

A block cut-off grade of 16% Fe was selected, based on an Fe concentration which falls between the Fe concentration of the mineralised and unmineralised zones. As the contacts between these zones are generally sharp, the estimate is not sensitive to cut off grade. A geological loss of 5% was applied.

The Mineral Corporation has considered the reasonable prospects for eventual economic extraction of the deposit. This was performed by estimating a maximum stripping ratio which would still provide an acceptable economic return, under a set of benchmarked operating cost and price assumptions. These resulted in a maximum stripping ratio of 3:1 (waste tonne : mineralised tonne). Applying a depth constraint of between 100m and 250m from surface, (depending upon the dip and the number of mineralised zones present), ensured that all mineralisation included in the Mineral Resource estimate is within this maximum stripping ratio criterion.

The Mineral Resource estimate is provided below and the Mineral Resource estimation criteria, as required in JORC (2012) and in Section 5.8.2 of the ASX Listing Rules, are set out beneath the table.

Category	Mineral Resource Gross		Mineral Resource Net (attributable to Ferrum Crescent at 97%)		Mineral Resource Grade		
	Tonne (Mt)*	Contained Fe (Mt)*	Tonne (Mt)*	Contained Fe (Mt)*	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)
Inferred	172.1	43.5	166.9	42.2	25.3	51.2	4.8
Indicated	83.0	22.7	80.5	22.1	27.4	50.1	4.0
Measured	52.6	16.5	51.0	16.0	31.3	47.3	2.5
<b>Total</b>	<b>307.7</b>	<b>82.7</b>	<b>298.4</b>	<b>80.3</b>	<b>26.9</b>	<b>50.3</b>	<b>4.2</b>

\*Tonnes are rounded

**Company and Project Overview**

The following is a summary of the JORC (2012) checklist of assessment and reporting criteria (extracted from The Mineral Corporation’s updated Mineral Resource estimation report):

Criteria	Explanation	Observations
<b>Section 1: Sampling techniques and Data</b>		
<b>Sampling techniques</b>	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	Limited information on the sampling techniques for the KIOI data is known.  For the FCL exploration, sampling was limited to the sampling of RC chips and diamond core.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Limited information on the sampling techniques for the KIOI data is known.  For the FCL exploration, representivity was ensured by appropriate sub-sampling protocols.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Limited information on the sampling techniques for the KIOI data is known.  For the FCL exploration, industry standard sampling techniques were adopted. RC samples (1m-2m) were riffle split on site and diamond core samples were halved with a diamond saw.
<b>Drilling techniques</b>	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.	Drilling data from KIOI and three phases of FCL exploration inform the estimates.  The drilling comprised open hole, RC and diamond core drilling and was all vertical. A total of 122 RC holes and 89 diamond core holes were accepted for the estimates.
<b>Drill sample recovery</b>	Method of recording and assessing core and chip sample recoveries and results assessed.	Limited information on the sample recovery for the KIOI data is known.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	With the exception of surficial rubble, the sample recovery through the mineralised zones for the FCL exploration was acceptable.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No recovery information for the KIOI database is known. Due to the generally high sample recovery, this relationship was not investigated.
<b>Logging</b>	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	The KIOI data included electronic codes for the main lithological unit, certain sub-units, and the core bedding angles.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	All geological information during FCL exploration was logged in acceptable detail, and stored in an MS Access database. This included lithological, structural and geotechnical information.
	The total length and percentage of the relevant intersections logged.	In both KIOI and FCL exploration, all drilling was logged.
<b>Sub-sampling techniques and sample preparation</b>	If core, whether cut or sawn and whether quarter, half or all core taken.	No information regarding sub-sampling is known for the KIOI holes.  For the FCL data, core was cut.
	If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry.	No information regarding sub-sampling is known for the KIOI holes.  For FCL data, RC samples were split by rotary or riffle splitters.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	No information regarding sub-sampling is known for the KIOI holes.  For the FCL data, the protocols are considered acceptable for the style of mineralisation.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	No information regarding sub-sampling is known for the KIOI holes.  For the FCL data, the protocols are considered acceptable for the style of mineralisation.
	Measures taken to ensure that the sampling is representative of the in situ material collected.	No information regarding sub-sampling is known for the KIOI holes.  For the FCL data, the protocols are considered acceptable for the style of mineralisation.

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Criteria	Explanation	Observations
	Whether sample sizes are appropriate to the grain size of the material being sampled.	No information regarding sub-sampling is known for the KIOL holes.  For the FCL data, the protocols are considered acceptable for the style of mineralisation.
<b>Quality of assay data and laboratory tests</b>	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	No information on the quality of assay data for the KIOL data was obtained.  Primary samples and quality control samples were submitted for analysis to Genalysis Laboratory Services (Johannesburg) for analysis by XRF by Intertek Utama Services (Jakarta).
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No non-laboratory techniques have been applied.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	No information on the quality of assay data for the KIOL data was obtained.  The FCL samples were analysed at an accredited laboratory (Genalysis / Intertek), and appropriate standards, blanks and duplicates inserted in the sample stream. The Mineral Corporation has reviewed the results from these control samples and considers the accuracy and reliability of the analyses to be acceptable.
<b>Verification of sampling and assaying</b>	The verification of significant intersections by either independent or alternative company personnel.	The KIOL data was verified by means of the identification and re-surveying of borehole collars in the field, and by means of twin-drilling.
	The use of twinned holes.	On the basis of the twinning, the open-hole data from KIOL (142 holes) was considered unacceptable for Mineral Resource estimation. The remaining RC and diamond core drilling showed reasonably good correlation of mineralisation depth and abundance, and was considered acceptable.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	No access to the core, nor the raw geological logs for the KIOL data is possible and the accuracy of the input of this data into the FCL database cannot be verified. The procedures adopted by those executing FCL's 2008 and 2009 exploration campaigns are well documented and the data entry and validation for those phases of exploration is considered to be acceptable. The Mineral Corporation supervised the 2011 exploration and considers that portion of the database to be acceptable.
	Discuss any adjustment to assay data.	No adjustments to assay data were made.
<b>Location of data points</b>	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	All FCL boreholes were surveyed by a registered surveyor. Of the KIOL holes, 127 collars were re-surveyed by a registered surveyor, and good correlation between the historical and FCL survey locations were found.
	Specification of the grid system used.	The co-ordinate system applied for the survey was the South African Local Grid (Lo29) using the Hartebeeshoek 1994 datum.
	Quality and adequacy of topographic control.	The topographic control is derived from LiDAR data and is considered adequate.
<b>Data spacing and distribution.</b>	Data spacing for reporting of Exploration Results.	The combination of Ferrum's exploration and the KIOL data has provided a drillhole spacing which ranges from 100m x 100m to 200m x 300m.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The data spacing and distribution is sufficient to establish the degree of continuity appropriate for the Mineral Resources, as classified.
	Whether sample compositing has been applied.	Sample compositing has been applied in the Mineral Resource estimates.
<b>Orientation of data in relation to geological structures</b>	Whether the orientation of sampling achieves unbiased sampling of possible and the extent to which this is known, considering the deposit type.	Vertical intersections are not "true" thicknesses, normal to the dip of the mineralised zones.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	As the dip is relatively shallow, and the block model was built in 3-dimensions, the use of vertical composites did not bias the volumetric estimates.
<b>Sample security</b>	The measures taken to ensure sample security.	No information regarding sample security is known for the KIOL holes. For the FCL data, samples were stored in a locked core facility until being collected for delivery to the laboratory by courier.

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Criteria	Explanation	Observations
<b>Audits or reviews</b>	The results of any audits or reviews of sampling techniques and data.	No audits of the KIOL exploration results, with the exception of the verification described above have been undertaken.  The Mineral Corporation reviewed the results of the first two phases of Ferrum's drilling prior to carrying out the estimates. Phase 3 of Ferrum's exploration was carried out by The Mineral Corporation.
<b>Section 2: Reporting of Exploration Results</b>		
<b>Mineral tenement and land tenure status</b>	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	FCL has an effective 97% share, in Ferrum Iron Ore (Pty) Limited, the holder of Mining Right LP30/5/1/2/2/201. The Project's Mineral Resources are entirely contained within this Mining Right. A legal due diligence on the mineral title has not been conducted by The Mineral Corporation, but The Mineral Corporation is not aware of any issues that may prejudice the Mining Right and the title circumstances are understood to be sound.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Project is covered by a Mining Right that was executed on 10 October 2012. The Mining Right is valid for 30 years commencing 10 October 2012 to 9 October 2042.
<b>Exploration done by other parties</b>	Acknowledgment and appraisal of exploration by other parties.	Previous exploration by KIOL has been documented and integrated into the FCL database.
<b>Geology</b>	Deposit type, geological setting and style of mineralisation.	Rocks of the Mount Dowe Group, within the Central Zone of the Limpopo Mobile Belt, are interpreted to have been tightly-folded, parallel to the east-northeast to west-southwest orientation of the Limpopo Mobile Belt.  Magnetite mineralisation is identified in five mineralised zones, which are interpreted to be the result of the duplication by folding of one or more magnetite-bearing layers. The mineralised zones are cut by younger faults, which have two dominant orientations, broadly parallel to and orthogonal to, the trend of the Limpopo Mobile Belt.  Magnetite concentrations within the mineralised zones are interpreted to be parallel with the contacts with the host rocks and zones of unmineralised material are found within the mineralised zones.
<b>Drill hole Information</b>	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length.	A summary of all material intersections is provided in Appendix 3 to the Mineral Corporation's report.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	This information has not been excluded.
<b>Data aggregation methods.</b>	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually material and should be stated.	5m vertical borehole composites were utilised, informed by an assumed minimum mining height.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable to this grade distribution.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values were considered.
<b>Relationship between mineralisation widths and intercept lengths</b>	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	These composites were not at right angles to the mineralised zones.
	If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').	As the dips are shallow (7° to 30° and typically less than 20°) and a 3-dimensional block model was used, the use of vertical composites is unlikely to introduce any bias.
<b>Diagrams.</b>	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Plans and sections of the interpretive geological model are provided in The Mineral Corporation's report.

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Criteria	Explanation	Observations
<b>Balanced reporting</b>	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of Exploration Results.	All material intercepts are reported Appendix 3 to The Mineral Corporation's report.
<b>Other substantive exploration data</b>	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All known material exploration data, or summaries thereof, have been provided.
<b>Further work</b>	The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Recommendations for further work are provided in The Mineral Corporation's report.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	A figure showing possible extensions is included.
<b>Section 3: Reporting of Mineral Resources</b>		
<b>Database integrity</b>	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	The compiled database for the estimates was housed in an MS Access database.
	Data validation procedures used.	In addition to the verification and QA/QC already described, validation of the sampling data for over-lapping sampling intervals, duplicate samples and spurious data was carried out.
<b>Site visits</b>	Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.	Stewart Nupen has undertaken two site visits to the Project, to inspect outcrop, observe RC and diamond drilling and sampling activities and view all of the available diamond core. These site visits were undertaken during the first quarter of 2012.
<b>Geological interpretation</b>	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	The geological interpretation is considered appropriate for the level of estimates, and the Mineral Resource classification takes the confidence in the interpretation into account.
	Nature of the data used and of any assumptions made.	Borehole data was used for the geological interpretation. The regional structural framework was applied.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	No alternative interpretation was considered.
	The use of geology in guiding and controlling Mineral Resource estimation.	A thorough re-interpretation of the geological structure and correlation between mineralised zones was carried out.
	The factors affecting continuity both of grade and geology.	Grade continuity within zones is high. Continuity of zones is affected by geological structures.
<b>Dimensions</b>	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	D Zone is approximately 200m x 400m x 30m C Zone (West) is approximately 1,400m x 250m x 35m C Zone (East) is approximately 1,100m x 700m x 30m B Zone is approximately 1,500m x 800m x 25m A Zone is approximately 1,600m x 1,200m x 17m
<b>Estimation and modelling techniques</b>	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	Variograms parallel to the dip of the mineralised zones were calculated and modelled. Vertical grade distribution utilised downhole variograms. Variograms of between 150m and 250m were obtained in the plane of the mineralised zone and between 7m and 30m downhole.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	No check estimates or production records were available.
	The assumptions made regarding recovery of by-products.	No by-products are expected.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	All zones show low abundance of Mn, P and TiO <sub>2</sub> . Abundance of base metals, such as Cu, are insignificant.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	Horizontal block dimensions were 50m x 50m and 5m in the vertical, informed by borehole spacing. The block model was rotated to the average dip (12°).



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Criteria	Explanation	Observations
	Any assumptions behind modelling of selective mining units.	Conceptual minimum mining unit had a minimum height of 5m.
	Any assumptions about correlation between variables.	No correlation between variables was assumed or modeled.
	Description of how the geological interpretation was used to control the resource estimates.	Wireframes representing the geological interpretation were generated to constrain the block model. Ordinary Kriging was employed for grade estimates. A three stage search strategy was employed. A minimum of 5 and a maximum of 20 samples was used within the range of the variogram for the first search. The second search was twice the volume of the first, and the third extended to the limits of the mineralised zones. The search and variogram ellipse were oriented to local dip and strike variations using "Dynamic Anisotropy" in Datamine Studio v3.
	Discussion of basis for using or not using grade cutting or capping.	No cutting or capping was applied, as the composite grades were normally distributed, and no outliers were identified.
	The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	Plan and section plots were analysed to evaluate the adherence of the estimation methodology to the geological model. The methodology was found to honour the grade continuity trends, which are assumed to be parallel to the dip of the mineralised zones.
<b>Moisture</b>	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tonnage was calculated on a dry basis.
<b>Cut-off parameters</b>	The basis of the adopted cut-off grade(s) or quality parameters applied.	A cut-off of 16% Fe and a maximum depth of between 250m and 100m depending upon dip and the number of mineralised zones was applied.
<b>Mining factors or assumptions</b>	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	A minimum mining unit of 50m x 50m x 5m aided in the selection of block size. Approximate stripping ratios were calculated to inform the maximum depth constraint for the Mineral Resources.
<b>Metallurgical factors or assumptions</b>	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	On the basis of preliminary test work, The Mineral Corporation has assumed that the Fe can be extracted by means of comminution and magnetic separation to form a magnetite concentrate.
<b>Environmental factors or assumptions</b>	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	Environmental commitments made in the Mining Right do not materially change the economics of the Project, and hence the reasonable prospects for eventual economic extraction.
<b>Bulk density</b>	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	The KIOL data included density measurements for all diamond core holes. No information was provided on the methodology used to obtain these density data.  The diamond core data from FCL exploration included density measurements obtained by the 'water immersion' method. A strong correlation between density and Fe was observed, and used to estimate block density after grade estimation.

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Criteria	Explanation	Observations
	<p>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</p> <p>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</p>	<p>The density data from the FCL exploration adequately accounted for void spaces, and as the regression based on the KIOL data was almost identical to the regression based on the FCL data, it has been assumed that the KIOL method also accounted for the same.</p>
<b>Classification</b>	<p>The basis for the classification of the Mineral Resources into varying confidence categories.</p> <p>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p>	<p>The borehole spacing, surface mapping, structural interpretation, variography and kriging error estimates inform Mineral Resources which are classified as Inferred, Indicated and Measured. In areas of well-defined geological structure and modest grade variability, the 100m x 100m grid is sufficient for Measured Mineral Resources.</p>
<b>Audits or reviews</b>	<p>The results of any audits or reviews of Mineral Resource estimates.</p>	<p>No audits have been undertaken as yet.</p>
<b>Discussion of relative accuracy/confidence</b>	<p>Where appropriate a statement of the relative accuracy and/or confidence in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</p>	<p>Kriging Efficiency (KE) was used as a guide to Mineral Resource classification. Regions of blocks where KE is generally &gt;0.5 are considered for the Measured category, while regions of blocks where KE &gt;0.25 are considered for the Indicated category and regions with a KE &lt;0.25 are considered for the Inferred category (Mwasinga, 2001). The mean KE of classified as Measured in this Mineral Resource estimate is 0.47 and those classified as Indicated is 0.26.</p>
	<p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p>	<p>The estimates are local estimates. Blocks are categorized as Measured, Indicated or Inferred, and their use in technical or economic evaluation should be determined by the relevant code.</p>
	<p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>No production data is available.</p>

*The information above that relates to Exploration Targets, Exploration Results and Mineral Resources has been compiled by Stewart Nupen, a Competent Person who is a Fellow of the Geological Society of South Africa and a registered Professional Natural Scientist with the South African Council for Natural Scientific Professionals. Stewart Nupen is employed by The Mineral Corporation, an independent consulting firm to Ferrum.*

*Stewart Nupen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stewart Nupen consents to the inclusion herein of the matters based on his information in the form and context in which it appears.*

**Valuation**

As at 30 April 2014, The Mineral Corporation prepared an independent valuation for the Project. This independent valuation can be viewed by accessing the following link and going to the disclosures for July 2014: <http://www.ferrumcrescent.com/irm/archive/asx-announcements.aspx?RID=8>

## **Ferrum Crescent Limited**

A.C.N. 097 532 137

### **Company and Project Overview**

#### **Recent Drilling**

During the reporting period, the Company completed a drilling programme that was designed to investigate the extent of Zone D and provide information to inform the location of the proposed future mine. Its purpose was also to identify if, and the areas where, bulk sampling for the requisite levels of metallurgical testwork should take place during the next stage of the Moonlight BFS.

The drill programme comprised 10 reverse circulation drill holes (for a cumulative total of 1,396m) and was completed in Q1 2015 ahead of time and below budget. All holes intersected mineralised magnetic zones across various depths.

The Zone D drilling confirmed comparable grades to those previously identified within the Inferred Resource, and consequently enabled the Company to finalise its plans for the BFS with respect to the location and design of the proposed open pit mine for the first 10 years of the mine's life, within primary Zones A, B and C, due to shallower intersections, higher grades and better stripping economics. A new zone of mineralisation, Zone E, was also identified representing future exploration potential.

Further infill drilling is required to establish a JORC (2012) Ore Reserve and for advanced beneficiation work to be undertaken as part of the direct reduction iron (DRI) plant design process. The success of such infill drilling will also determine whether bulk sampling is necessary to complete the full mine design and plant costings.

Following the future completion of all mine plan, plant design and processing assessments, the final stage of the BFS can then be progressed, utilising the stand-alone project economics to establish optimal infrastructure agreements with the relevant local government agencies.

#### **Infrastructure**

Encouraging planning discussions relating to future rail, power, ports and water supply between the Company, Transnet and other South African infrastructure suppliers have continued during the reporting period. Further to such discussions and a desk top analysis of increasing rail capacity within the Limpopo region, the Company has commissioned a full market study of South African steel manufacturing. The Company continues to believe that there is a significant opportunity to vend Moonlight's potential high-grade end product to domestic steel users, thereby potentially obviating the need to ship pellets through Richards Bay.

#### **Community**

A baseline socio-economic impact study of the areas occupied by both the Ga-Seleka and Ga-Shongoane communities situated within a 50km radius of the mining right area is well advanced.

Monthly meetings are held with the Royal Council and Traditional Council of both communities as well as updating the Lephalale Municipality on findings and proposed initiatives. Once the study is concluded an announcement will be made on its findings particularly in relation to current local skills identification, future employment terms and training needs.

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### Company and Project Overview

#### Project Schedule

The following are significant factors with respect to the advancement of the Moonlight Project:

- subject to funding, the BFS can be completed within approximately 18-24 months' work-time;
- 30 to 36 month mine construction period currently envisaged;
- Project's schedule coincides with the South African Government's infrastructure development plans; and
- Completion of the BFS is currently expected to cost approximately AUD10 -13m.

#### Corporate

On 6 November 2014 the Company announced the successful completion of a partially underwritten non-renounceable rights issue to raise AUD1.03 million before expenses. The additional funds were raised to progress the work-streams required to complete key components of the BFS and satisfy corporate overheads whilst seeking to attract and secure new BEE and other cornerstone investors. In May 2015 the Company conducted a private placing to raise approximately a further AUD0.97 million (before expenses) from sophisticated investors in London to, *inter alia*, augment its working capital.

Mr Ted Droste and Mr Kofi Morna resigned as non-executive directors with effect from 31 December 2014 to pursue their other business interests and the Board appreciates their contribution to the Group's development.

Mr Ed Aylmer was appointed as BFS Study Manager on 22 October 2014, based in Johannesburg, South Africa. Mr Alymer has more than 30 years' experience in the mining and mineral processing industries and has acted as senior study manager for project developments on behalf of Severstal, Vendanta, Goldfields and Ivanplats.

On 14 March 2015, the Company terminated the pre-existing investment agreement with Anvwar Asian Investments ("AAI") as a result of AAI's breach of a material term of the agreement.

During the reporting period, the Company entered into agreements with Hume Capital Securities plc and Beaufort Securities Limited for their services as the Company's retained AIM broker. Beaufort Securities Limited assumed the role of sole AIM broker on 23 March 2015. In addition, the Company appointed Strand Hanson Limited as its financial and nominated adviser on 2 March 2015 and 29 May 2015 respectively. The Company granted, in aggregate, 10 million options to the aforementioned professional advisers pursuant to their respective agreements. On the date of grant, the options had an exercise period of three years and an exercise price of GBP0.0075 (as to 4 million options) and GBP0.02 (as to 6 million options). Bravura Capital (Pty) Limited was also appointed as the Company's JSE Sponsor with effect from 19 January 2015.

In May 2015, the Company entered into a Memorandum of Understanding ("MOU") with Principle Monarchy Investments (Proprietary) Limited ("PMI"), whereby PMI will pay R142m (US\$12m) to acquire up to 39% of Ferrum Iron Ore (Proprietary) Limited ("FIO"). The incoming funds will be used by FIO towards financing of the BFS costs for the Moonlight Project. In return for an investment of US\$12m, to be paid across three tranches, PMI will receive a total of 39% of FIO's equity.

As at the date of this report, the first payment due under the terms of the MOU had yet to be received such that the MOU was not legally binding at that point.

Furthermore, the Company is at the date of this report at an advanced stage in relation to an alternative BFS financing arrangement with another group.

# Ferrum Crescent Limited

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## Corporate Governance Statement

### Introduction

This corporate governance statement is dated 30 September 2015 and has been approved by the Board.

The Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, third edition ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reasoning for the adoption of its own practice, in compliance with the "if not, why not" regime.

### DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

#### Summary statement

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>		ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	✓		Recommendation 4.2	✓	
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5		✓	Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7		✓	Recommendation 6.4	✓	
Recommendation 2.1	✓		Recommendation 7.1	✓	
Recommendation 2.2	✓		Recommendation 7.2	✓	
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4	✓		Recommendation 7.4	✓	
Recommendation 2.5	✓		Recommendation 8.1	✓	
Recommendation 2.6	✓		Recommendation 8.2	✓	
Recommendation 3.1	✓		Recommendation 8.3	✓	
Recommendation 4.1	✓				

1 Indicates where the Company has followed the Principles & Recommendations

2 Indicates where the Company has provided "if not, why not" disclosure.

#### Website disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at [www.ferrumcrescent.com](http://www.ferrumcrescent.com), under the section titled Corporate Governance.

**Disclosure – Principles & Recommendations**

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the year ending 30 June 2015 (the “**reporting period**”).

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**Principle 1 – Lay solid foundations for management and oversight**

**Recommendation 1.1:**

Companies should disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the board and those delegated to management.

**Disclosure:**

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company’s structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to management and has set out these functions in its Board Charter. Senior executives are responsible for supporting the executive officer and assisting the executive officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the executive officer or, if the matter concerns the executive officer, then directly to the Chairman or the lead independent director, as appropriate.

**Recommendation 1.2:**

Companies should undertake appropriate checks before appointing a person, or putting a person forward for election to shareholders, as a director.

**Disclosure:**

The Company does undertake appropriate checks in accordance with this recommendation.

**Recommendation 1.3:**

Companies should have written agreements with each director and senior executive setting out the terms of their appointment.

**Disclosure:**

The Company does have written agreements with each director and senior executive in accordance with this recommendation.

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### Recommendation 1.4:

The company secretary should be accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board.

### Disclosure:

The company secretary is accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board.

### Recommendation 1.5:

The Company should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress towards achieving them, and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the Company has defined "senior executive" for these purposes).

### Disclosure:

The Company has established a Diversity Policy a copy of which is published on the Company's website. The Company has not yet established measurable objectives for achieving gender diversity. The Company operates with a very small team of professionals, whose services are provided on the basis of their experience and professional qualifications. Establishing such measurable objectives will be addressed by the Board when the Company's operations require the expansion of its personnel numbers

The respective proportions of men and women on the board and in senior executive positions (that term meaning a position having senior management responsibilities as set out in the Company's delegated authorities manual) are set out in the following table:

Gender	Total	Senior Management	Board
Female	3	1	0
Male	7	4	4
% Female	30%	20%	0%

## **Ferrum Crescent Limited**

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### **Recommendation 1.6:**

The Company should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

### **Disclosure:**

The Company periodically evaluates the performance of the board, its committees and individual directors. A performance evaluation was undertaken during the reporting period.

### **Recommendation 1.7:**

The Company should:

- (a) have and disclose a process for periodically evaluating the performance of senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

### **Disclosure:**

The Company periodically evaluates the performance of senior executives. A performance evaluation was not undertaken during the reporting period.

## **Principle 2 – Structure the Board to add value**

### **Recommendation 2.1:**

The Board should establish a Nomination Committee.

### **Disclosure:**

The Company has established a separate Nomination Committee. The Committee comprises Mr Grant Button (chairman of the committee), Mr Ed Nealon and Mr Klaus Borowski.

### **Recommendation 2.2:**

The Company should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

### **Disclosure:**

The Company has a skills matrix setting out the skills and diversity of the board. Its members have a mixture of experience and corporate, technical, financial and management skills that are considered appropriate for the Company's present situation.



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### **Recommendation 2.3:**

The Company should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if directors have a prescribed interest, position, association or relationship with the Company, why they are regarded as independent directors; and
- (c) the length of service of each director.

### **Disclosure:**

The independent directors of the Company are Mr Ed Nealon, Mr Grant Button and Mr Klaus Borowski. The length of service of each director is as follows: Mr Nealon – 6 years; Mr Button – 6 years; Mr Borowski – 5 years; Mr Revy – 1.5 years.

### **Recommendation 2.4:**

A majority of the board of the Company should be independent directors.

### **Disclosure:**

There are four directors, three of whom are independent.

Mr Nealon is considered to be an independent director notwithstanding the fact that he has been within the last three years an executive of the Company. The fact that he was an executive is not in this case considered to be a determining factor because it will not interfere, or could not reasonably be seen to interfere, with his capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

### **Recommendation 2.5:**

The chairman of the board of the Company should be an independent director and, in particular, should not be the same person as the CEO of the Company.

### **Disclosure:**

The role of Chairman of the Company during the reporting period was held by Mr Ed Nealon (who is an independent director). He was formerly executive chairman. Mr Tom Revy is CEO of the Company.

### **Recommendation 2.6:**

The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

### **Disclosure:**

The Company will induct new directors at an appropriate time when suitable individuals are identified and available and as the Company's business requires adjusted skills sets on the board. Directors will be provided appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as directors effectively as and when required.

## **Ferrum Crescent Limited**

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### **Principle 3 – Act ethically and responsibly**

#### **Recommendation 3.1:**

The Company should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

#### **Disclosure:**

The Company has established a Code of Conduct applying to directors, senior executive and employees as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct is available for scrutiny on the Company's website.

### **Principle 4 – Safeguard integrity in financial reporting**

#### **Recommendation 4.1:**

The board should:

- (a) have an audit committee that has at least three members, all of whom are non-executive directors and a majority of whom are independent, and be chaired by an independent director who is not chairman of the board; and
- (b) disclose the committee's charter, its members and the relevant qualifications and experience of the committee members and the number of times it met during the reporting period.

#### **Disclosure:**

The Company has established an Audit Committee with a formal charter. The committee comprises three independent directors, being Mr Grant Button (chairman of the committee), Mr Ed Nealon and Mr Klaus Borowski. It meets the stipulations set out in recommendation 4.1, and the relevant qualifications and experience of its members are set out in the Directors' Report. All of the Audit Committee members consider themselves to be financially literate and have industry knowledge. The committee met twice during the reporting period.

#### **Recommendation 4.2:**

The board should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **Disclosure:**

The board meets the stipulations set out in recommendation 4.2.

## **Ferrum Crescent Limited**

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### **Recommendation 4.3:**

The Company should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

### **Disclosure:**

The Company meets the stipulations set out in recommendation 4.3.

## **Principle 5 – Make timely and balanced disclosure**

### **Recommendation 5.1:**

The Company should have a written policy designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

### **Disclosure:**

The Company has established a written policy designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. The policy is available for scrutiny on the Company's website.

## **Principle 6 – Respect the rights of security holders**

### **Recommendation 6.1:**

The Company should provide information about itself and its governance to investors via its website.

### **Disclosure:**

The Company complies with recommendation 6.1.

### **Recommendation 6.2:**

The Company should design and implement an investor relations program to facilitate effective two-way communication with investors.

### **Disclosure:**

The Company has designed a communications policy for promoting effective communication with shareholders.

## **Ferrum Crescent Limited**

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### **Recommendation 6.3:**

The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

### **Disclosure:**

The Company gives adequate notice to security holders of meetings of security holders and encourages attendance at such meetings.

### **Recommendation 6.4:**

The Company should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

### **Disclosure:**

The Company meets the requirements of recommendation 6.4.

## **Principle 7 – Recognise and manage risk**

### **Recommendation 7.1:**

The board should:

- (a) have a risk management committee that has at least three members, a majority of whom should be independent, and be chaired by an independent director; and
- (b) disclose the committee's charter, its members and the relevant qualifications and experience of the committee members and the number of times it met during the reporting period.

### **Disclosure:**

The Company has established a risk management committee with a formal charter. The committee comprises three independent directors, being Mr Grant Button (chairman of the committee), Mr Ed Nealon and Mr Klaus Borowski. It meets the stipulations set out in recommendation 7.1, and the relevant qualifications and experience of its members are set out in the Directors' Report. The committee met twice during the reporting period.

## **Ferrum Crescent Limited**

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### **Recommendation 7.2:**

The board or a committee of the board should:

- (a) review the Company's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

### **Disclosure:**

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

During the reporting period the Company had an informal risk management system in place, including the policies and systems referred to in the disclosure in relation to recommendation 7.2. Although the system was not fully documented, management acting through the Managing Director was able to form the view that management of its material business risks during the reporting period was effective.

### **Recommendation 7.3:**

The Company should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

### **Disclosure:**

The Company does not have an internal audit function. The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

### **Recommendation 7.4:**

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

### **Disclosure:**

The Company does not have any material exposure to economic, environmental or social sustainability risks, other than the risks that are common to all minerals explorers in relation to commodity prices and the availability of venture capital.

## **Ferrum Crescent Limited**

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### **Principle 8 – Remunerate fairly and responsibly**

#### **Recommendation 8.1:**

The board should:

- (a) have a remuneration committee that has at least three members, a majority of whom should be independent, and be chaired by an independent director; and
- (b) disclose the committee's charter, its members and the relevant qualifications and experience of the committee members and the number of times it met during the reporting period.

#### **Disclosure:**

The Company throughout the financial year had a separate remuneration committee that meets the requirements of recommendation 8.1. The committee comprises Mr Klaus Borowski (chairman of the committee), Mr Ed Nealon and Mr Grant Button. The relevant qualifications and experience of its members are set out in the Directors' Report. The committee met once during the reporting period.

#### **Recommendation 8.2:**

The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

#### **Disclosure:**

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the Company's stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unquoted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the directors' option holdings are fully disclosed.

Pay and rewards for executive directors and senior executives consist of a base pay and benefits (such as superannuation) as well as long term incentives through participation in employee share and option plans. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

#### **Recommendation 8.3:**

If the Company has an equity-based remuneration scheme, it should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

#### **Disclosure:**

Though the Company has a Share Plan and an Option Plan in place in order to provide incentives and directors and employees have from time to time participated in such plans, any participation in such plans is not regarded as equity-based remuneration, and in any event the Plan rules themselves would prevent the entry into transactions that limit the economic risk of such participation.

**Ferrum Crescent Limited**

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2015**

	Note	2015 \$	2014 \$
<b>Revenue from continuing operations</b>			
Revenue	3(a)	23,753	35,844
Administration expenses	3(b)	(1,478,102)	(1,595,092)
Occupancy expenses		(66,218)	(58,191)
Exploration expenditure		(456,595)	(419,216)
Fair value adjustment of forward subscription agreement		(208,375)	(304,660)
Foreign exchange loss		(176,532)	(29,345)
Share based payments	20	(90,851)	(194,938)
Reclassification of net changes in fair value of available for sale investments		137,597	-
<b>Loss before taxation</b>		<b>(2,315,323)</b>	<b>(2,565,598)</b>
Income tax benefit / (expense)	5	(30,537)	15,816
<b>Loss for the year</b>		<b>(2,345,860)</b>	<b>(2,549,782)</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be recycled through profit and loss</i>			
Net exchange gain / (loss) on translation of foreign operation		(180,614)	4,098
Net fair value gains on available-for-sale investment		28,536	51,251
Income tax effect		(7,990)	(14,352)
Reclassification of net changes in fair value relating to the disposal of available for sale investments		(137,597)	-
Income tax effect		38,527	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(259,138)</b>	<b>41,003</b>
<b>Total comprehensive loss for the year</b>		<b>(2,604,998)</b>	<b>(2,508,779)</b>
Net loss for the year attributable to:			
Equity holders of the Parent		(2,345,860)	(2,549,782)
		<u>(2,345,860)</u>	<u>(2,549,782)</u>
Total comprehensive loss for the period attributable to:			
Equity holders of the Parent		(2,604,998)	(2,508,779)
		<u>(2,604,998)</u>	<u>(2,508,779)</u>
<b>Loss per share</b>			
		<b>Cents per share</b>	<b>Cents per share</b>
Basic loss for the year attributable to ordinary equity holders of the Parent	7	(0.50)	(0.75)
Diluted loss for the year attributable to ordinary equity holders of the Parent	7	(0.50)	(0.75)

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Consolidated Statement of Financial Position As at 30 June 2015

		2015	2014
	Note	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and short term deposits	8	1,028,468	738,345
Trade and other receivables	9	21,928	34,210
Other current financial assets	11	34,325	240,517
Prepayments		76,983	54,408
<b>Total current assets</b>		<b>1,161,704</b>	<b>1,067,480</b>
<b>Non-current assets</b>			
Plant and equipment	10	29,645	46,981
Non-current financial assets	11	187,048	772,429
<b>Total non-current assets</b>		<b>216,693</b>	<b>819,410</b>
<b>Total assets</b>		<b>1,378,397</b>	<b>1,886,890</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	12	168,713	322,582
Payments received in advance	14	629,325	-
Loans and borrowings	13	-	515,999
Provisions	15	54,837	95,883
<b>Total current liabilities</b>		<b>852,875</b>	<b>934,464</b>
<b>Total liabilities</b>		<b>852,875</b>	<b>934,464</b>
<b>Equity</b>			
Contributed equity	16	31,542,093	29,333,702
Accumulated losses	19	(22,850,764)	(20,504,904)
Reserves	18	(8,165,807)	(7,876,372)
<b>Equity attributable to equity holders of the Parent</b>		<b>525,522</b>	<b>952,426</b>
Non-controlling Interest		-	-
<b>Total equity</b>		<b>525,522</b>	<b>952,426</b>
<b>Total equity and liabilities</b>		<b>1,378,397</b>	<b>1,886,890</b>

*This Statement of Financial Position is to be read in conjunction with the accompanying notes.*



## Ferrum Crescent Limited

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### Consolidated Statement of Cash Flows For the year ended 30 June 2015

		2015	2014
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Interest received		10,635	19,918
Income from available for sale investment		13,118	15,926
Exploration and evaluation expenditure		(458,777)	(415,352)
Payments to suppliers and employees		(2,140,761)	(1,366,830)
<b>Net cash flows used in operating activities</b>	24	<b>(2,575,785)</b>	<b>(1,746,338)</b>
<b>Investing activities</b>			
Payments for plant and equipment		456	1,872
Purchase of available-for-sale financial assets		(154,110)	-
Sale of available-for-sale financial assets		937,688	-
Sale / (purchase) of available-for-sale financial assets		-	(89,355)
Proceeds from disposal of available-for-sale financial assets		99,070	52,721
<b>Net cash flows from / (used in) investing activities</b>		<b>883,104</b>	<b>(34,762)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		2,233,415	1,588,459
Proceeds from receipt of initial deposit from Third Party Investor	13	-	515,999
Transaction costs on issue of shares		(269,780)	(111,234)
<b>Net cash flows from financing activities</b>		<b>1,963,635</b>	<b>1,993,224</b>
Net increase in cash and cash equivalents held		270,954	212,124
Net foreign exchange difference		19,169	(22,044)
Cash and cash equivalents at 1 July		738,345	548,265
<b>Cash and cash equivalents at 30 June</b>	8	<b>1,028,468</b>	<b>738,345</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Consolidated Statement of Changes in Equity For the year ended 30 June 2015

	Attributable to the equity holders of the Parent							Total equity \$
	Issued capital \$	Accumulated losses \$	Employee share incentive reserve \$	Option reserve \$	Foreign exchange reserve \$	Available for sale reserve \$	Equity reserve \$	
<b>At 1 July 2013</b>	27,856,478	(17,939,306)	513,702	1,404,425	130,462	27,273	(10,126,072)	1,866,962
Loss for the period	-	(2,565,598)	-	-	-	-	-	(2,565,598)
Other Comprehensive Income (net of tax)	-	-	-	-	4,098	51,251	-	55,349
<b>Total comprehensive loss (net of tax)</b>	-	(2,565,598)	-	-	4,098	51,251	-	(2,510,249)
<b>Transactions with owners in their capacity as owners:</b>								
Shares issued during the year net of transaction costs	1,400,775	-	-	-	-	-	-	1,400,775
Shares issued to KMPs under the Salary Sacrifice Scheme	76,449	-	(76,449)	-	-	-	-	-
Options issued under Employee Option Plan	-	-	-	23,856	-	-	-	23,856
Share based payments	-	-	171,082	-	-	-	-	171,082
<b>At 1 July 2014</b>	29,333,702	(20,504,904)	608,335	1,428,281	134,560	78,524	(10,126,072)	952,426
Loss for the period	-	(2,345,860)	-	-	-	-	-	(2,345,860)
Other Comprehensive Income (net of tax)	-	-	-	-	(180,614)	(78,524)	-	(259,138)
<b>Total comprehensive loss (net of tax)</b>	-	(2,345,860)	-	-	(180,614)	(78,524)	-	(2,604,998)
<b>Transactions with owners in their capacity as owners:</b>								
Shares issued during the year net of transaction costs	2,037,244	-	-	-	-	-	-	2,037,244
Shares issued to market previously on the Employee Share Incentive Plan	-	-	54,389	-	-	-	-	54,389
Directors and KMP salary sacrifice for shares issued	171,147	-	(171,147)	-	-	-	-	-
Options issued to Consultants and Brokers	-	-	-	42,300	-	-	-	42,300
Options issued under Employee Option Plan	-	-	-	44,161	-	-	-	44,161
<b>At 30 June 2015</b>	<b>31,542,093</b>	<b>(22,850,764)</b>	<b>491,577</b>	<b>1,514,742</b>	<b>(46,054)</b>	<b>-</b>	<b>(10,126,072)</b>	<b>525,522</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## **Ferrum Crescent Limited**

A.C.N. 097 532 137

### **Notes to the consolidated financial statements (continued) For the year ended 30 June 2015**

#### **Note 1: Corporate information**

The consolidated financial statements of Ferrum Crescent Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of directors on 30 September 2015.

Ferrum Crescent Limited, the parent, is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX), the London Stock Exchange (AIM) and the JSE Limited (JSE).

**Domicile:**

Australia

**Registered Office:**

'G South Mill Centre' Suite 6, 9 Bowman Street, South Perth, WA, 6151

#### **Note 2: Summary of significant accounting policies**

##### **(a) Basis of preparation**

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of Australian law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Ferrum Crescent Limited and its subsidiaries.

The Financial Report has also been prepared on a historical cost basis, except for the forward subscription agreement and the available-for-sale (AFS) investments which have been measured at fair value.

All amounts are presented in Australian dollars, unless otherwise stated.

##### **(b) Statement of compliance**

The Financial Report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board, and complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

##### **(c) Adoption of new and revised standards**

Ferrum Crescent Limited and its subsidiaries ('the Group') has adopted all new and amended Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2014, including:

- AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- Interpretation 21 Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 1031 Materiality
- AASB 2013 – 9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(c) Adoption of new and revised standards (continued)**

- AASB 2014-1 Part A – Annual Improvements 2010–2012 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010– 2012 Cycle
- AASB 2014-1 Part A – Annual Improvements 2011–2013 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011– 2013 Cycle

The adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Group.

**(d) Accounting standards issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2015. Relevant Standards and Interpretations are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:  (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and  (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.  The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.  The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 <i>Revenue from Contracts with Customers</i> , which replaces IAS 11 <i>Construction Contracts</i> , IAS 18 <i>Revenue</i> and related Interpretations (IFRIC 13 <i>Customer Loyalty Programmes</i> , IFRIC 15 <i>Agreements for the Construction of Real Estate</i> , IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC-31 <i>Revenue—Barter Transactions Involving Advertising Services</i> ). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:  (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation  The Group has commenced a detailed review of its contracts to determine the impact, if any, of AASB 15 to revenue recognition of the Group. At the date of this report, that assessment is ongoing and it has not been possible to quantify the effect of AASB 15.  The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the	1 January 2018	1 July 2018

**Notes to the consolidated financial statements (continued)**  
**For the year ended 30 June 2015**

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 9	Financial Instruments	<p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below.</p>	1 January 2018	1 July 2018
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>AASB 2014-9 amends AASB 127 <i>Separate Financial Statements</i>, and consequentially amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p> <p>AASB 2014-9 also makes editorial corrections to AASB 127.</p> <p>AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <p>(a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and</p> <p>(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p> <p>AASB 2014-10 also makes an editorial correction to AASB 10.</p> <p>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	This standard provides clarification amendments to AASB 5, AASB 7, AASB 9 and AASB 134.	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements.	1 January 2016	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 <i>Disclosure of Interests in Other Entities</i> and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 July 2015	1 July 2015

The impact of the above new statements on the Group still has to be determined.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(e) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(f) Critical accounting estimates and judgements**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 20.

*Forward subscription agreement*

During the 2011 financial year, the Group entered into a forward subscription agreement as set out in Note 11(a). This agreement requires the Company to issue a variable number of shares in exchange for ZAR 15 million. The assumptions used in the estimation of the financial asset/liability are discussed in Note 11(a).

*Impairment of available-for-sale financial assets*

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

**(g) Going concern**

The Annual Report has been prepared on a going concern basis and this basis is predicated on a number of initiatives being undertaken by the Group with respect to ongoing cost reductions and funding as set out below. The Group incurred an operating loss after income tax of \$2,345,860 for the year ended 30 June 2015 (2014: \$2,549,782). In addition, the Group has net current assets of \$308,829 as at 30 June 2015 (2014: \$133,016), which includes the forward subscription agreement, and shareholders' equity of \$525,522 (2014: \$952,426).

The Group's forecast cash flow requirements for the 15 months ending 30 September 2016 reflect cash outflows from operating and investing activities, which take into account a combination of committed and uncommitted but currently planned expenditure. The Group has prepared two different forecasts.

The first depends upon whether the BFS continues as planned with PMI or another new investor contributing towards the BFS expenses. This forecast shows sufficient cash will be available up to the end of September 2016 and beyond.

The second is for a scaled down operation whilst the Group waits for another funding opportunity. This indicates that the Group will need to raise additional working capital during the 2016 financial year to enable it to settle its liabilities as and when they fall due and continue to meet its incurred, committed and currently planned expenditure.

This Annual report has been compiled on a going concern basis. In arriving at this position the Directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure. The Directors are satisfied that they will be able to raise additional funds by either selling existing assets, through implementation of strategic joint ventures or via a form of debt and/or equity raising. In addition, the Directors have embarked on a strategy to reduce costs.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(g) Going concern (continued)**

In the event that the Group is unable to raise additional funds to meet the Group's ongoing working capital requirements when required, there is a significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

**(h) Foreign currency translation**

Both the functional and presentation currency of the Company and its Australian controlled entity is Australian dollars (A\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the foreign operations is South African Rand (ZAR) and United States dollars (USD).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the parent Company's financial statements are taken to profit or loss unless they relate to the translation of subsidiary related loans and borrowings which are considered part of the net investment value taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

As at the reporting date the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**(i) Exploration and evaluation expenditure**

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.



**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(j) Plant & equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

**(k) Income tax**

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(k) Income tax (continued)**

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(l) GST/VAT**

Revenues, expenses and assets are recognised net of the applicable amount of GST/VAT except:

- where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(m) Provisions and employee benefits**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

***Employee leave benefits***

**i. Short term benefits**

Liabilities for short term benefits including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months of the reporting date, are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

**ii. Long service leave**

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(n) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(o) Receivables**

Receivables, which generally have 30-90 day credit terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectable amounts.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(p) Revenue recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Revenue

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

**(q) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Group's own shares, which are re-acquired for later use in the employee share based payment arrangements, are deducted from equity.

**(r) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

**(s) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the Company adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(t) Financial instruments – Initial recognition and subsequent measurement**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets on initial recognition.

**(i) Financial assets**

Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designed as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets on initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance costs in the income statement. Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends upon the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(t) Financial instruments – Initial recognition and subsequent measurement (continued)**

**(i) Financial assets (continued)**

Financial assets at fair value through profit or loss (continued)

During the 2011 financial year, the Group entered into a forward subscription agreement as set out in Note 11(a). This forward subscription agreement is treated as a derivative financial instrument, as its value changes in response to the Company's share price. Based on the current valuation it is classified as a financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs or loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(t) Financial instruments – Initial recognition and subsequent measurement (continued)**

**(ii) Impairment of financial assets**

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(t) Financial instruments – Initial recognition and subsequent measurement (continued)**

**(iii) Financial liabilities**

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities on initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(iv) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and/or
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(u) Fair value measurement**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; and
- A discounted cash flow analysis or other valuation models.

**(v) Share-based payment transactions**

The Company provides benefits to its employees (including key management personnel ("KMP")) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model, further details of which are given in Note 20.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity on the date the equity right is granted. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 7).

**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 2: Summary of significant accounting policies (continued)**

**(w) Business combinations**

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions the Group's operating and accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of the embedded derivatives in those contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss as a change to other comprehensive income. If contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

**(x) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

**(y) Interest bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 3: Revenue and expenses

##### Revenue and expenses from continuing operations

	2015	2014
Note	\$	\$
<b>(a) Revenue</b>		
Finance revenue:		
Interest received	23,753	35,844
<b>(b) Profit and loss</b>		
Other expenses include the following:		
Depreciation	18,580	23,058
Gain on disposal of plant and equipment	-	180
Consulting services	238,053	221,719
Employment related		
- Directors fees	404,228	327,471
- Wages	171,623	228,230
- Superannuation	41,595	17,258
Corporate	271,287	256,851
Travel	62,691	122,130
Other	270,045	398,195
	<b>1,478,102</b>	<b>1,595,092</b>

#### Note 4: Segment information

##### Identification of Reportable Segments

The Group has based its operating segment on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The Group currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis.

Based on these criteria the Group has only one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in Note 2 for the computation of the Group's results presented in this set of financial statements.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 4: Segment information (continued)

Geographic Information:	Note	Australia		South Africa		Consolidation	
		2015	2014	2015	2014	2015	2014
		\$	\$	\$	\$	\$	\$
Revenue from external customers		15,727	24,902	8,026	10,942	23,753	35,844
Non - current assets	10,11	401	443	216,292	818,967	216,693	819,410

#### Note 5: Income tax expense

	2015	2014
	\$	\$
Reconciliation of income tax expense to the pre-tax net loss		
Loss before income tax	2,315,323	2,565,598
Income tax calculated at 30% on loss before income tax	(694,597)	(769,679)
Add tax effect of: non-deductible expenses	104,724	193,351
Difference in tax rate of subsidiaries operating in other jurisdictions	(113,795)	65,476
Unused tax losses and temporary differences not brought to account	734,205	495,036
Income tax (profit) / expense	30,537	(15,816)

#### Analysis of deferred tax balances

	2015	2014
	\$	\$
<i>Deferred tax liabilities</i>		
Assessable temporary differences		
Prepayments	(17,635)	(10,111)
Financial asset	-	-
Deferred tax liabilities offset by deferred tax assets	17,635	10,111
Net deferred tax liabilities	-	-
<i>Deferred tax assets</i>		
Share issue expenses	1,282	251,511
Legal expense amortised	4,859	4,859
Payables and provisions	12,355	-
Financial liability	-	-
Unused tax losses	2,830,409	3,345,413
Total unrecognised deferred tax assets	(2,831,270)	(3,591,672)
Deferred tax assets	17,635	10,111
Deferred tax assets offset by deferred tax liabilities	(17,635)	(10,111)
Net deferred tax assets	-	-

Unused tax losses set out above have not been recognised due to the uncertainty of future taxable profit streams.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 6: Auditor's remuneration

	2015	2014
	\$	\$
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial statements		
Ernst & Young Australia	28,000	34,505
Ernst & Young South Africa	22,000	25,800
Lancaster Mauritius	4,523	3,348
	<u>54,523</u>	<u>63,653</u>
-other assurance related services		
Ernst & Young Australia	-	-
	<u>54,523</u>	<u>63,653</u>

#### Note 7: Earnings per share

	2015	2014
	\$	\$
Basic loss per share (cents per share)	(0.50)	(0.75)
Diluted loss per share (cents per share)	(0.50)	(0.75)
Loss used in calculating basic loss per share	(2,345,860)	(2,549,782)
Adjustments to basic loss used to calculate dilutive loss per share	-	-
Loss used in calculating dilutive loss per share	(2,345,860)	(2,549,782)
Weighted average number of ordinary shares used in the calculation of basic loss per share	Number 468,894,041	Number 343,268,696
Weighted average number of ordinary shares used in the calculation of diluted loss per share	468,894,041	343,268,696

There have been no transactions involving ordinary shares or potential shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 1 – 13,000,000 share options outstanding at 30 June 2015 (30 June 2014: 3,400,000) have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.

Note 2 – 29,954,525 potential shares to be issued under the subscription agreement (note 11) have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.

#### Note 8: Cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2015	2014
	\$	\$
Cash at bank	<u>1,028,468</u>	<u>738,345</u>

**Ferrum Crescent Limited**

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**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015****Note 9: Trade and other receivables**

	2015	2014
	\$	\$
<b>Current</b>		
Sundry debtors	2,513	-
GST / VAT	19,415	34,210
	<b>21,928</b>	<b>34,210</b>

Non-trade debtors are non-interest bearing and are generally on 30-90 days credit terms. The carrying amounts of these receivables represent fair value and are not considered to be impaired.

**Note 10: Plant and equipment**

	Furniture, fittings and equipment	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2015</b>				
Opening net carrying value	11,957	21,195	13,829	46,981
Additions	450	-	-	450
Disposals	-	-	-	-
Depreciation charge for the year	(5,620)	(14,088)	(855)	(20,563)
Exchange differences	687	1,195	895	2,777
Closing net carrying amount	<b>7,474</b>	<b>8,302</b>	<b>13,869</b>	<b>29,645</b>
<b>At 30 June 2015</b>				
Cost	49,428	71,396	17,336	138,160
Accumulated depreciation	(41,954)	(63,094)	(3,467)	(108,515)
Net carrying value	<b>7,474</b>	<b>8,302</b>	<b>13,869</b>	<b>29,645</b>
<b>Year ended 30 June 2014</b>				
Opening net carrying value	19,585	37,874	16,029	73,488
Additions	1,870	-	-	1,870
Disposals	(180)	-	-	(180)
Depreciation charge for the year	(8,087)	(14,114)	(857)	(23,058)
Exchange differences	(1,231)	(2,565)	(1,343)	(5,139)
Closing net carrying amount	<b>11,957</b>	<b>21,195</b>	<b>13,829</b>	<b>46,981</b>
<b>At 30 June 2014</b>				
Cost	45,996	67,003	16,269	129,268
Accumulated depreciation	(34,039)	(45,808)	(2,440)	(82,287)
Net carrying value	<b>11,957</b>	<b>21,195</b>	<b>13,829</b>	<b>46,981</b>

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 11: Other financial assets

	2015	2014
	\$	\$
<b>Current assets</b>		
Rental and Other Deposits	5,960	5,522
Rehabilitation Trust	28,365	26,620
Financial asset at fair value through profit or loss - forward subscription agreement (refer to note (a) below)	-	208,375
	<u>34,325</u>	<u>240,517</u>
<b>Non-current assets</b>		
Available for sale investments (at fair value) (refer to note (b) below)	-	772,429
Available for sale investments (at fair value) (refer to note (c) below)	187,048	-
	<u>187,048</u>	<u>772,429</u>

#### **Note (a): Financial asset at fair value through profit and loss – forward subscription agreement**

In 2010, various agreements were entered into in respect of the Moonlight Project.

A company, Mkhombi Investments (Pty) Ltd (“MI”), which met the requirements of applicable South African legislation in respect of historically disadvantaged persons (referred to in South Africa as being “BEE controlled”), entered into an agreement on 26 October 2010 with the then current holder of 26% of Ferrum Iron Ore Pty Ltd (“FIO”) to purchase that holder’s right, title and interest in FIO for ZAR30 million (approximately AUD4.4 million) (“FIO Sale Agreement”). The South African Department of Mineral Resources expressed its support of the transaction.

Ferrum South Africa Pty Ltd (“FSA”), a wholly owned subsidiary of Ferrum Crescent Ltd, entered into agreements with MI and its holding company, Mkhombi AmaMato (Pty) Ltd (“MA”), the terms of which provided for the following to take place:

- (a) FSA was issued shares in MI such that it held an initial 32.17% interest in MI, with the remaining 67.83% held by MA;
- (b) MA lent the sum of ZAR7.5 million to MI, to be applied as part of the purchase price under the FIO Sale Agreement; The advance, which was made as at 31 December 2010, did not attract interest and was only repayable in certain circumstances (namely, the failure to meet the conditions precedent set out in the Subscription Agreement, as defined below);
- (c) FSA lent the sum of ZAR22.5 million to MI, to be applied to pay the balance of the purchase price under the FIO Sale Agreement. The advance, which was made as at 31 December 2010, did not attract interest and was repayable in certain circumstances (namely, the failure to meet the conditions precedent set out in the Subscription Agreement, as defined below);
- (d) MI would issue shares and/or FSA would transfer some of its shares in MI such that 11.54% of MI’s shares on issue are held by a trust representing the locally impacted community, with the resulting shareholdings being MA 60%, FSA 28.46%, and the locally impacted community 11.54%; and
- (e) MA would, subject to the conditions precedent set out in the Subscription Agreement, as defined below, sell its entire right, title and interest in, and all of its claims against, MI to FSA for ZAR7.5 million (AUD 780,000). The above transaction was completed in the 2012 financial year.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 11: Other financial assets (continued)

##### **Note (a): Financial asset at fair value through profit and loss – forward subscription agreement (continued)**

A subscription agreement was entered into between Ferrum Crescent Limited and MA on 4 November 2010 (the "Subscription Agreement"). On completion of the Subscription Agreement (subject to the fulfilment of the conditions precedent to that agreement), MA would subscribe for such number of shares in Ferrum Crescent Limited as was equal to 7.8% of the issued shares at that time (the "First Subscription"). The price payable for the subscription for the shares under the First Subscription was set at ZAR7.5 million. This first tranche of the Subscription Agreement has been completed.

Under the Subscription Agreement, MA was to, on or before the later of (i) the date falling 10 business days after the Closing Date (as defined in the Subscription Agreement and extension to the Subscription Agreement) and (ii) 30 November 2012 (the "Subscription Period"), which period was extended by the Company for a period of 1 year in the event that it raised not less than ZAR7.5 million in 2011, subscribe for a further 7.8% of the issued shares of the Company (calculated by reference to the issued share capital of the Company at the time of the First Subscription adjusted for any subsequent share splits, consolidations or bonus capitalisations) for a further ZAR 7.5 million. This second tranche of the Subscription Agreement has been extended by mutual consent until 31 January 2016.

The conditions precedent to the Subscription Agreement included no insolvency event occurring, the granting of a mining right in respect of the Project, necessary South African Reserve Bank approvals and shareholder and other approvals required under the Corporations Act and the AIM / ASX / JSE listing rules, including shareholder approval. The Shareholder approval was duly obtained on 8 August 2012 and all conditions precedent to the Subscription Agreement have been met.

Kofi Morna, is a director of MA. He holds an (AUD1.45m) indirect non-controlling interest in MA.

Upon completion of the first tranche of the Subscription Agreement which occurred during 2012, the Company legally owned, directly and indirectly through its subsidiaries, FSA and MI, 97% of FIO, with the remaining 3% held by the GaSeleka Community.

The forward subscription agreement will be settled in Ferrum Crescent Limited's shares. Under the Subscription Agreement, Ferrum Crescent Limited will issue shares to MA equal to 7.8% of the issued share capital of the Company (calculated by reference to the issued share capital of the Company at the time of the First Subscription adjusted for any subsequent share splits, consolidations or bonus capitalisations) for ZAR7.5 million which constitutes the "second subscription" referred to above. The above financial asset was fair valued as at 30 June 2015 to nil. The fair value was based on a probability weighted approach with the key assumptions being Ferrum's share price, foreign exchange rates and credit risk.

##### **Note (b): Available for sale investments**

The available for sale investment was an Investo Linked Investment portfolio which was set up with Momentum Insurance on 1 April 2012 to cover the rehabilitation of all subsidiary future mining activities in accordance with the requirements of the mining leases.

This portfolio had an initial savings term of 10 years with an automatic increase of 10% to the contributions on an annual basis. After the initial 10 years the investment would automatically continue in periods of 5 years. After automatic continuation the investment would qualify for a loyalty bonus at the end of each 5 year period. The investment was levied with allocation and management fees on a monthly basis.

Cash withdrawals were available to be made up to a restricted percentage of the net fund value at the time of the withdrawal. The withdrawn amounts were not be taken into consideration when calculating the loyalty bonus due on the portfolio. Withdrawals were made at the discretion of the cessionary (SGIGA).



## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 11: Other financial assets (continued)

##### *Note (b): Available for sale investments (continued)*

On 16 July 2012 a Deed of Surety and Indemnity was signed ceding this investment portfolio to Constantia Insurance Company Limited (SGIGA) in return for a guarantee to the Directorate Mineral Regulation (DMR) for the confirmed amount of R7,517,000. On 12 November 2014 SGIGA cancelled their deed of Surety and Indemnity after the DMR released their guarantee on 10 November 2014 further to its replacement with a guarantee issued by Guardrisk Insurance Company Limited (Guardrisk) on 30 October 2014.

R4,000,000 (approx. AUD432,144 at the then prevailing AUD:ZAR exchange rate of 9.25618) was accessed on 25 September 2013. On 1 April 2014 the annual increases were cancelled and the monthly contribution was capped at R500,000 (approx. AUD48,050 at the 2014 year end prevailing AUD:ZAR exchange rate of 10.4058).

R1,265,907 (approx. AUD122,920 at the then prevailing AUD:ZAR exchange rate of 9.71) was accessed in September 2014 and the monthly contribution was reduced to R100,000 (approx. AUD10,300 at the then prevailing monthly exchange rate).

On 20 November 2014, the policy paid out R7,948,962 (approx. AUD830,667 at an exchange rate of 9.5682) and a portion of this was transferred to Guardrisk.

##### *Note (c): Available for sale investments*

On 30 October 2014, Guardrisk issued a financial guarantee for the rehabilitation of land to be disturbed by mining to the DMR for the sum of R7,517,000.

On 1 November 2014, Ferrum Iron Ore (Pty) Ltd, a subsidiary of the Company, signed a policy of insurance where-by an initial lump sum of R1,500,000 (approx. AUD 149,250 at the then prevailing AUD:ZAR exchange rate of 10.0503) and a monthly contribution of R100,000 (approx. AUD9,950 at the same exchange rate) would be paid for a fixed period from 1 November 2014 to 31 October 2017 to cover the environmental guarantee.

There is a provision in the policy to the effect that, at the end of the policy period or cancellation (and where applicable), should there be a positive balance sitting in the policy after taking into account all expenditure (including claims), Guardrisk will declare a performance bonus back to the Company. There is no prior entitlement to this performance bonus.

#### Note 12: Trade and other payables

	2015	2014
	\$	\$
<b>Current</b>		
Trade payables and other payables	168,713	322,582
	<u>168,713</u>	<u>322,582</u>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 13: Loans and borrowings

	2015	2014
	\$	\$
<b>Current</b>		
Anvwar Asian Investments	-	515,999
	-	515,999

During the 2014 reporting period, the Company entered into a legally binding heads of agreement with Anvwar Asian Investment ("AAI"), an entity based in Oman, whereby AAI was to purchase a 35% interest in Ferrum Iron Ore (Pty) Ltd ("FIO"), the Group Company that holds the Moonlight Project. Following a number of term variations of this letter of intent, the Company entered into a new agreement with AAI in March 2014, whereby AAI agreed to pay US\$1 million, by way of two tranches of US\$500,000, one payable by the end of March 2014 and the second payable by the end of April 2014, thereby earning the right, subject to the requisite approvals of the South African Reserve Bank, to be issued with FIO shares equalling 35% of that company, being partly paid, subject to the right to pay an additional US\$9 million to become fully paid or be converted into 3.5% of FIO fully paid. The additional US\$9 million had to be paid by the earlier of 31 December 2015 and completion of the Moonlight BFS.

However the second tranche of US\$500,000 was not received by Ferrum Crescent from AAI within the time frame stipulated under the agreement. Ferrum Crescent therefore informed AAI of its default; and AAI remains in default as at the date of this report. Accordingly, the first tranche of US\$500,000 was initially recorded as a current liability.

On 14 March 2015, the Company terminated the investment agreement between itself and AAI as a result of AAI's breach of a material term of the agreement.

On 22 July 2015, AAI's lawyers, Trowers & Hamblins, issued a letter to the Company, requesting that the first tranche be returned to AAI within 14 days from the date of issue. They advised that AAI will commence legal proceedings for the recovery of the first tranche plus any interest and costs incurred by AAI. No additional contingent liability has been raised.

The first tranche of US\$500,000 has since been moved from loans and borrowings to payments received in advance until such time as it can be established that the funds do not need to be reimbursed to AAI - refer to note 14 below.

#### Note 14: Payments received in advance

	2015	2014
	\$	\$
<b>Current</b>		
Anvwar Asian Investments	629,325	-
	629,325	-

As set out in note 13 above, the first tranche of US\$500,000 that was received from AAI has been moved from loans and borrowings to payments received in advance until such time as it can be established that the funds do not need to be reimbursed to AAI.

#### Note 15: Provisions

	2015	2014
	\$	\$
Employee benefits	54,837	95,883

**Ferrum Crescent Limited**

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**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015****Note 16: Contributed Equity**

	2015 No. of shares	2014 No. of shares	2015 \$	2014 \$
<b>(a) Share Capital Ordinary Shares</b>				
Ordinary shares fully paid	618,787,353	380,602,777	31,807,395	29,843,607
Employee share incentive plan shares	<b>(2,300,000)</b>	(6,595,000)	<b>(265,302)</b>	(509,905)
	<b>616,487,353</b>	374,007,777	<b>31,542,093</b>	29,333,702

Capital management

When managing capital (which is defined as the Company's total equity), management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. As the equity market is constantly changing management may issue new shares to provide for future exploration and development activity. The Company is not subject to any externally imposed capital requirements.

During the year ended 30 June 2015, 4,295,000 (2014: nil) shares were issued back to the market from the Employee Incentive Share Plan. Refer note 20 (ii).

**(b) Movements in ordinary share capital**

Date	Details	Number of shares	\$
<b>01 July 2013</b>	<b>Opening Balance</b>	<b>328,201,385</b>	<b>28,366,383</b>
08 October 2013	1 <sup>st</sup> Tranche private placing	44,613,156	1,405,314
21 November 2013	Salary sacrifice share scheme issue	4,401,392	76,459
19 December 2013	2 <sup>nd</sup> Tranche private placing	3,386,844	106,686
	Costs associated with share issues		(111,235)
<b>30 June 2014</b>	<b>Closing Balance</b>	<b>380,602,777</b>	<b>29,843,607</b>
10 November 2014	Allotment issue	49,065,642	392,525
13 November 2014	Underwritten issue	58,434,358	467,475
12 December 2014	Private placement	21,525,819	173,077
12 December 2014	Salary sacrifice share scheme issue	9,158,757	171,147
22 May 2015	Private placement	48,000,000	465,600
29 May 2015	Private placement	52,000,000	504,400
29 May 2015	Share plan shares sold on market (c)		59,344
	Costs associated with share issues		(269,780)
		<b>618,787,353</b>	<b>31,807,395</b>
	Employee share plan shares on issue	(2,300,000)	(265,302)
		<b>616,487,353</b>	<b>31,542,093</b>

If, at any time during the exercise period, an employee ceases to be an employee, all share options held by that employee will lapse one month after their employment end date. Therefore, employee shares above are only recognised in issued capital when issued to the employees concerned.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 16: Contributed Equity (continued)

##### (c) Movements in employee share plan shares issued with limited recourse employee loans

Date	Details	Number of shares	\$
01 July 2013	Opening balance	6,595,000	(509,905)
	Issued during 2014	-	-
<b>30 June 2014</b>	<b>Closing balance</b>	<b>6,595,000</b>	<b>(509,905)</b>
	Cancelled during 2015	(4,295,000)	244,603
	Issued during 2015	-	-
<b>30 June 2015</b>	<b>Closing balance</b>	<b>2,300,000</b>	<b>265,302</b>

No employee share plan shares were issued in the current financial year (2014: Nil).

This account is used to record the value of shares issued under the Executive Share Incentive Plan (ESIP). The ESIP is accounted for as an "in-substance" option plan due to the limited recourse nature of the loan between employees and the Company to finance the purchase of ordinary shares. The total fair value of the "in substance" options issued under the plan is recognised as a share-based payment expense over the vesting period, with a corresponding increase in equity. Information on the valuation of shares issued under the ESIP during the period is disclosed in Note 20.

#### Note 17: Listed Options

	2015 No of Options	2014 No of Options
Options		
At year end the following options were on issue:		
- 31 December 2013 Options exercisable at 40 cents per share	-	21,496,727
- 14 December 2015 Options exercisable at 10 cents per share	-	400,000
- 21 November 2016 Options exercisable at 3 cents per share	500,000	500,000
- 19 February 2017 Options exercisable at 8 cents per share	2,500,000	2,500,000
- 2 February 2018 Options exercisable at GBP0.0075 per share	2,000,000	-
- 2 February 2018 Options exercisable at GBP0.02 per share	3,000,000	-
- 1 March 2018 Options exercisable at GBP0.0075 per share	2,000,000	-
- 1 March 2018 Options exercisable at GBP0.02 per share	3,000,000	-
	<b>13,000,000</b>	<b>24,896,727</b>

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 17: Listed Options (continued)

	2015 No of Options	2014 No of Options
<b>Movements in 14 December 2015 Options</b>		
Beginning of the financial year	400,000	-
Options issued during the year	-	400,000
Options cancelled during the year	<b>(400,000)</b>	-
End of the financial year	<b>-</b>	<b>400,000</b>
<b>Movements in 21 November 2016 Options</b>		
Beginning of the financial year	500,000	-
Options issued during the year	-	500,000
Options cancelled during the year	-	-
End of the financial year	<b>500,000</b>	<b>500,000</b>
<b>Movements in 19 February 2017 Options</b>		
Beginning of the financial year	2,500,000	-
Options issued during the year	-	2,500,000
Options cancelled during the year	-	-
End of the financial year	<b>2,500,000</b>	<b>2,500,000</b>
<b>Movements in 2 February 2018 Options</b>		
Beginning of the financial year	-	-
Options issued during the year	5,000,000	-
Options cancelled during the year	-	-
End of the financial year	<b>5,000,000</b>	<b>-</b>
<b>Movements in 1 March 2018 Options</b>		
Beginning of the financial year	-	-
Options issued during the year	5,000,000	-
Options cancelled during the year	-	-
End of the financial year	<b>5,000,000</b>	<b>-</b>

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 18: Reserves

	Employee share incentive reserve	Options reserve	Foreign exchange reserve	Equity reserve	Available for sale reserve	Total
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2013</b>	513,702	1,404,425	130,462	(10,126,072)	27,273	(8,050,210)
Currency translation differences	-	-	4,098	-	-	4,098
Options issued	-	23,856	-	-	-	23,856
Shares issued to KMPs on the Salary Sacrifice Scheme	(76,449)	-	-	-	-	(76,449)
Growth in investment portfolio	-	-	-	-	51,251	51,251
Share based payments <sup>^</sup>	171,082	-	-	-	-	171,082
<b>At 30 June 2014</b>	<b>608,335</b>	<b>1,428,281</b>	<b>134,560</b>	<b>(10,126,072)</b>	<b>78,524</b>	<b>(7,876,372)</b>
Currency translation differences	-	-	(180,614)	-	-	(180,614)
Options issued	-	86,461	-	-	-	86,461
Shares issued to KMPs on the Salary Sacrifice Scheme	54,389	-	-	-	-	54,389
Directors and KMP salary sacrifice for shares issued	(171,147)	-	-	-	-	(171,147)
Growth in investment portfolio	-	-	-	-	20,546	20,546
Reclassification adjustment for gains included in the income statement (net of tax effect)	-	-	-	-	(99,070)	(99,070)
<b>At 30 June 2015</b>	<b>491,577</b>	<b>1,514,742</b>	<b>(46,054)</b>	<b>(10,126,072)</b>	<b>-</b>	<b>(8,165,807)</b>

<sup>^</sup>This amount includes remuneration to KMPs and Directors that was accrued and will ultimately be settled in shares under the Company's salary sacrifice scheme.

#### Nature and purpose of reserves

##### Employee share incentive reserve

This reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration under the Executive Share Incentive Plan.

##### Options reserve

This reserve is used to record the value of options issued, other than share-based payments to directors, employees and consultants as part of their remuneration.

##### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 18: Reserves (continued)

##### Nature and purpose of reserves (continued)

###### Equity reserve

The Equity reserve is used to record the acquisition of the non-controlling interest by the Group and to record differences between the carrying value of non-controlling interests and the consideration paid / received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

The reserve is attributable to the equity of the parent.

###### Available-for-sale reserve

Used to record changes in the fair value of the Group's available-for-sale financial assets.

#### Note 19: Accumulated losses

	2015	2014
	\$	\$
Accumulated losses at the beginning of the financial year	(20,504,904)	(17,939,306)
Net loss for the year	(2,345,860)	(2,565,598)
Accumulated losses at the end of the financial year	<u>(22,850,764)</u>	<u>(20,504,904)</u>

#### Note 20: Share based payments

##### Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2015	2014
	\$	\$
Options issued in consideration for services (i)	90,851	23,856
Amounts expensed for shares issued under the Company's Executive Share Incentive Plan (ii)	-	-
Share based payment salary sacrifice scheme (iii)	-	171,082
	<u>90,851</u>	<u>194,938</u>

Included in the share based payment salary sacrifice scheme for 2015 is nil (2014: \$99,633 that was waived by the directors concerned subsequent to the balance sheet date), related to the directors remuneration (see remuneration report for breakdown).

##### (i) Options issued in consideration for services

##### Fair value of options granted

The fair value at the grant date of options issued is determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 20: Share based payments (continued)

- a) The tables below summarise the model inputs (post consolidation) for options granted during the year ended 30 June 2014:

Options granted for no consideration	500,000
Exercise price (AUD cents)	0.03
Issue date	21 November 2013
Expiry date	21 November 2016
Underlying security spot price at grant date (AUD cents)	0.03
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	3.08%
Binomial model valuation per option (AUD cents per share)	1.65

Options granted for no consideration	2,500,000
Exercise price (AUD cents)	0.08
Issue date	19 February 2014
Expiry date	19 February 2017
Underlying security spot price at grant date (AUD cents)	0.06
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	2.97%
Binomial model valuation per option (AUD cents per share)	4.12

- b) The tables below summarise the model inputs (post consolidation) for options granted during the year ended 30 June 2015:

Options granted for no consideration	2,000,000
Exercise price (GBP)	0.0075
Issue date	2 February 2015
Expiry date	2 February 2018
Underlying security spot price at grant date (GBP)	0.0075
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.64%
Binomial model valuation per option (AUD cents per share)	0.50

Options granted for no consideration	3,000,000
Exercise price (GBP)	0.02
Issue date	2 February 2015
Expiry date	2 February 2018
Underlying security spot price at grant date (GBP)	0.02
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.64%
Binomial model valuation per option (AUD cents per share)	0.34



## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 20: Share based payments (continued)

Options granted for no consideration	2,000,000
Exercise price (GBP)	0.0075
Issue date	1 March 2015
Expiry date	1 March 2018
Underlying security spot price at grant date (GBP)	0.0075
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.90%
Binomial model valuation per option (AUD cents per share)	0.55
Options granted for no consideration	3,000,000
Exercise price (GBP)	0.02
Issue date	1 March 2015
Expiry date	1 March 2018
Underlying security spot price at grant date (GBP)	0.02
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.90%
Binomial model valuation per option (AUD cents per share)	0.37

#### Movements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2015	2015	2014	2014
	Number	WAEP	Number	WAEP
Outstanding at 1 July	3,400,000	3.46	2,750,000	25.72
Issued during the year	10,000,000	0.94	3,000,000	7.16
Cancelled during the year	(400,000)	10.00	(2,350,000)	19.80
Outstanding at 30 June	13,000,000	1.32	3,400,000	3.46
Exercisable at 30 June	10,000,000	0.94	400,000	10.00

#### (ii) Shares issued under the Executive Share Incentive Plan (ESIP)

##### Executive Share Incentive Plan

Under the plan, eligible employees are offered shares in the Company at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESIP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are held on trust for the benefit of the participant and will only be transferred into the participant's name once the loan has been fully repaid. ESIP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. The loans are to be repaid via the application of any dividends received from the shares and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus on sale is remitted to the participant while any shortfall is borne by the Group.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 20: Share Based Payments (continued)

##### (ii) Shares issued under the Executive Share Incentive Plan (ESIP) (continued)

During the 2014 and 2015 reporting period no shares were issued under the ESIP.

If, at any time during the exercise period an employee ceases to be an employee, all options held by that employee vest immediately and will lapse one month after their employment end date. As such, there is not considered to be any service conditions attaching to the grant of shares under the ESIP, and the full expense is recognised at grant date.

#### Fair value of award granted

Shares granted under the ESIP are accounted for as “in-substance” options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The fair value at grant date for the various tranches of rights issued under the ESIP is determined using a binomial model.

#### Movements during the Year

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Outstanding at 1 July	6,595,000	6,595,000
Issued during the year	-	-
Expired during the year	<u>(4,295,000)</u>	<u>-</u>
Outstanding at 30 June	<u>2,300,000</u>	<u>6,595,000</u>

In May 2015, the shares reserved for expired awards were sold on market. See movement in Employee Share Incentive Plan shares in note 16(a).

Shareholder approvals were obtained on 8 August 2012 for the implementation of a salary sacrifice plan under which directors and executives may forego agreed fees and salary and subscribe for shares in the Company.

Five individuals have elected during the 2014 and 2015 financial years to participate in the salary sacrifice plan, and the number of rights issued is calculated on a monthly basis by way of volume weighted average share prices for Ferrum shares as traded.

# Ferrum Crescent Limited

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## Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

### Note 20: Share Based Payments (continued)

#### (iii) Shares issued under the Salary Sacrifice Scheme

Rights issued	Value \$	Number of shares issued					Total
		E Nealon	RW Hair	A Nealon	G Button	S Huntly	
<b>Unexercised rights 1 July 2013</b>		<b>2,648,617</b>	<b>2,777,186</b>	<b>1,986,461</b>	<b>552,504</b>	<b>-</b>	<b>7,964,768</b>
July 2013	\$0.012	555,556	-	416,667	136,342	459,935	1,568,500
August 2013	\$0.013	512,821	-	384,615	125,854	424,555	1,447,845
September 2013	\$0.041	161,812	-	121,359	39,711	133,962	456,844
October 2013	\$0.022	300,300	-	225,225	73,698	248,613	847,836
November 2013	\$0.035	188,324	-	141,243	46,218	-	375,785
December 2013	\$0.032	208,333	-	156,250	51,128	-	415,711
January 2014	\$0.037	179,211	-	134,409	43,981	-	357,601
February 2014	\$0.042	160,256	-	120,192	39,329	-	319,777
March 2014	\$0.022	303,030	-	227,273	74,368	-	604,671
April 2014	\$0.020	330,033	-	247,525	80,995	-	658,553
May 2014	\$0.016	450,450	-	-	110,547	-	560,997
June 2014	\$0.016	406,504	-	-	99,762	-	506,266
<b>Total rights issued</b>		<b>6,405,247</b>	<b>2,777,186</b>	<b>4,161,219</b>	<b>1,474,437</b>	<b>1,267,065</b>	<b>16,085,154</b>
<b>Waived by directors in September 2013</b>		<b>(2,648,617)</b>	<b>(2,777,186)</b>	<b>-</b>	<b>(552,504)</b>	<b>-</b>	<b>(5,978,307)</b>
<b>Exercised</b>		<b>-</b>	<b>-</b>	<b>(3,134,327)</b>	<b>-</b>	<b>(1,267,065)</b>	<b>(4,401,392)</b>
<b>Unexercised rights at 30 June 2014</b>		<b>3,756,630</b>	<b>-</b>	<b>1,026,892</b>	<b>921,933</b>	<b>-</b>	<b>5,705,455</b>
July 2014	\$0.038	175,439	-	-	43,055	-	218,494
August 2014	\$0.021	317,460	-	-	77,910	-	395,370
September 2014	\$0.017	401,606	-	-	98,560	-	500,166
October 2014	\$0.007	952,381	-	-	233,729	-	1,186,110
November 2014	\$0.007	925,926	-	-	227,236	-	1,153,162
<b>Total rights issued</b>		<b>6,529,442</b>	<b>-</b>	<b>1,026,892</b>	<b>1,602,423</b>	<b>-</b>	<b>9,158,757</b>
<b>Waived by directors</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercised</b>		<b>(6,529,442)</b>	<b>-</b>	<b>(1,026,892)</b>	<b>(1,602,423)</b>	<b>-</b>	<b>(9,158,757)</b>
<b>Unexercised rights at 30 June 2015</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	30 June 2015					30 June 2014					Total \$
	Brought forward	Number of share rights			Total \$	Brought forward	Number of share rights			Total \$	
		Issued	Waived	Exercised			Issued	Waived	Exercised	Outstanding	
<b>E Nealon</b>	3,756,630	2,772,812	-	(6,529,442)	-	2,648,617	3,756,630	(2,648,617)	-	3,756,630	80,000
<b>RW Hair</b>	-	-	-	-	-	2,777,186	-	(2,777,186)	-	-	-
<b>A Nealon</b>	1,026,892	-	-	(1,026,892)	-	1,986,461	2,174,758	-	(3,134,327)	1,026,892	30,000
<b>G Button</b>	921,933	680,490	-	(1,602,423)	-	552,504	921,933	(552,504)	-	921,933	19,633
<b>S Huntly</b>	-	-	-	-	-	-	1,267,065	-	(1,267,065)	-	-
<b>Total</b>	<b>5,705,455</b>	<b>3,453,302</b>	<b>-</b>	<b>(9,158,757)</b>	<b>-</b>	<b>7,964,768</b>	<b>8,120,386</b>	<b>5,978,307</b>	<b>(4,401,392)</b>	<b>5,705,455</b>	<b>129,633</b>

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 21: Commitments

(i) At this stage the Company has no minimum obligations with respect to tenement expenditure requirements.

(ii) Operating lease commitments are as follows:

	2015	2014
	\$	\$
Within 1 year	28,039	20,978
2 to 3 years	-	-
Total	28,039	20,978

The Company disposed of its Australian tenements during 2011 and whilst the Company still holds tenements in South Africa, expenditure commitments in relation to such tenements have been met. The Company has converted its South African prospecting rights into mining rights and applied for new prospecting rights over adjacent land.

A subsidiary of the Group entered into a 36 month commercial office lease on 1 April 2012, with an 8% annual escalation to the fixed portion of the lease, for their head office in Johannesburg, South Africa. The value of the lease has been annualised over the life of the Lease agreement as per the above. This lease reached the end of its term on 31 March 2015, and had a renewal period for a further 3 years commencing 1 April 2015 but was only renewed for a period of 1 year until 31 March 2016.

#### Note 22: Contingent liabilities

There are no contingent liabilities as at 30 June 2015 (2014: Nil).

#### Note 23: Related party transactions

Compensation of Key Management Personnel

	2015	2014
	\$	\$
Short-term employee benefits	828,463	838,334
Post-employment benefits	37,539	14,287
Share based payments	85,675	194,937
Termination benefits	-	2,715
	951,678	1,050,273

Transactions between related parties are on normal commercial terms and conditions and no more favourable than those available to other parties unless otherwise stated.

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 23: Related party transactions (continued)

##### Subsidiaries

The consolidated financial statements include the financial statements of Ferrum Crescent Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Beneficial Equity Interest	
		2015	2014
Ferrum Metals Pty Ltd	Australia	100	100
Batavia Ltd	Mauritius	100	100
Ferrum South Africa (Pty) Ltd ("FIO")	South Africa	100	100
Ferrum Iron Ore (Pty) Ltd	South Africa	97	97
Mkhombi Investments (Pty) Ltd ("MI")	South Africa	88.46	88.46

Ferrum Crescent Limited is the ultimate Australian parent entity and the ultimate parent of the Group. Transactions between Ferrum Crescent Limited and its controlled entities during the year consisted of loan advances by Ferrum Crescent Limited. All intergroup transactions and balances are eliminated on consolidation.

The Baphuting Bo Seleka Community Trust ("Trust") has a 3% indirect interest in FIO, the project Company, via its investment in MI. Until such time as FIO commences mining no expenses or investments have been carried over to the Trust.

In May 2015, the Company entered into a Memorandum of Understanding ("MOU") with Principle Monarchy Investments (Proprietary) Limited ("PMI"), whereby PMI will pay R142m (US\$12m) to acquire up to 39% of Ferrum Iron Ore (Proprietary) Limited ("FIO"). The incoming funds will be used by FIO towards financing of the BFS costs for the Moonlight Project. In return for an investment of US\$12m, to be paid across three tranches, PMI will receive a total of 39% of FIO's equity.

As at the date of this report, the first payment due under the terms of the MOU had yet to be received such that the MOU was not legally binding at that point.

Furthermore, the Company is at the date of this report at an advanced stage in relation to an alternative BFS financing arrangement with another group.

##### Loans to / (from) related parties

The following transactions were undertaken between the Company, executive officers and director-related entities during 2014 and 2015.

	2015	2014
	\$	\$
Consulting secretarial fees were paid or accrued to Athlone International Consultants Pty Ltd, a company with which Andrew Nealon is associated	-	50,007
Consulting fees were paid or accrued to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder	60,000	151,000
Consulting fees were paid to T.C. Droste Investments Pty Ltd, a company of which Ted Droste is a director and shareholder	-	34,313

**Ferrum Crescent Limited**

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**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015****Note 24: Cash flow information**

	2015	2014
	\$	\$
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	<b>(2,345,860)</b>	(2,565,598)
Depreciation	<b>18,580</b>	23,058
Loss / (profit) on sale of plant and equipment	-	180
Profit on sale of available for sale financial assets	<b>(107,060)</b>	-
Fair value adjustment of forward subscription agreement	<b>208,375</b>	304,660
Share based payment compensation	<b>98,773</b>	23,856
Net foreign exchange differences	<b>(54,155)</b>	122,173
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in receivables	<b>(174,766)</b>	235,095
(Increase) / decrease in other operating assets	<b>(24,758)</b>	1,006
Increase / (decrease) in payables and provisions	<b>(194,914)</b>	109,233
Cash flows used in operations	<b>(2,575,785)</b>	(1,746,338)

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 25: Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, short term deposits, held-for-trading and derivative instruments.

The main purpose of the financial instruments is to finance the Group's operations. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

#### (a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities, is set out in the following table. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The Group has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

	Weighted Average Effective  Interest Rate  %	Floating Interest Rate  \$	Fixed Interest Rate  \$	Non Interest Bearing  \$	Total  \$	Interest Rate Risk Sensitivity			
						-10%		+10%	
						Profit	Equity	Profit	Equity
						\$	\$	\$	\$
<b>2015</b>									
<b>Financial Assets</b>									
Cash	0.35%	868,353	136,490	23,624	1,028,468	(1,064)	-	1,064	-
Trust deposits	0.00%	163	-	34,161	34,325	-	-	-	-
Receivables	0.00%	-	-	21,928	21,928	-	-	-	-
Investments	1.12%	187,048	-	-	187,048	(1,312)	-	1,312	-
Financial asset	0.00%	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>		<b>1,055,565</b>	<b>136,490</b>	<b>79,714</b>	<b>1,271,769</b>				
<b>Financial Liabilities</b>									
Trade and other payables		-	-	803,892	803,892	-	-	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>803,892</b>	<b>803,892</b>				
<b>2014</b>									
<b>Financial Assets</b>									
Cash	0.08%	524,227	425	213,693	738,346	(3,584)	-	3,584	-
Trust deposits	0.00%	961	-	31,181	32,142	-	-	-	-
Receivables	0.00%	-	-	42,787	42,787	-	-	-	-
Investments	0.00%	772,429	-	-	772,429	(1,593)	-	1,593	-
Financial asset	0.00%	-	-	208,375	208,375	-	-	-	-
<b>Total Financial Assets</b>		<b>1,297,617</b>	<b>425</b>	<b>496,036</b>	<b>1,794,079</b>				
<b>Financial Liabilities</b>									
Trade and other payables		-	-	838,581	838,581	-	-	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>838,581</b>	<b>838,581</b>				

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 25: Financial risk management objectives and policies (continued)

##### (a) Interest Rate Risk (continued)

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A -10% sensitivity would move short term interest rates at 30 June 2015 from around 2% to 1.8% representing a 20 basis point downwards shift (14.00 basis points net of tax).

Based on the sensitivity analysis, mainly interest revenue from variable rate deposits, cash balances and investment is impacted resulting in a decrease or increase in overall income.

##### (b) Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows.

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

	Less than 1 month %	1 – 3 months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$	Total \$
<b>2015</b>						
<b>Financial assets:</b>						
Cash	1,028,468	-	-	-	-	1,028,468
Trust deposits	-	-	-	34,325	-	34,325
Receivables	-	21,928	-	-	-	21,928
Investments	-	-	-	187,048	-	187,048
	<u>1,028,468</u>	<u>21,928</u>	<u>-</u>	<u>221,373</u>	<u>-</u>	<u>1,271,769</u>
<b>Financial liabilities:</b>						
Non-interest bearing	-	(803,892)	-	-	-	(803,892)
	<u>-</u>	<u>(803,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(803,892)</u>
<b>2014</b>						
<b>Financial assets:</b>						
Cash	738,346	-	-	-	-	738,346
Trust deposits	-	-	-	32,142	-	32,142
Receivables	-	42,787	-	-	-	42,787
Investments	-	-	-	772,429	-	772,429
	<u>738,346</u>	<u>42,787</u>	<u>-</u>	<u>804,571</u>	<u>-</u>	<u>1,585,704</u>
<b>Financial liabilities:</b>						
Non-interest bearing	-	(838,581)	-	-	-	(838,581)
	<u>-</u>	<u>(838,581)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(838,581)</u>



**Notes to the consolidated financial statements (continued)  
For the year ended 30 June 2015**

**Note 25: Financial risk management objectives and policies (continued)**

(c) Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities and, financing activities including deposits with banks and investments with insurance companies. The credit risk control procedures adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences.

The maximum exposure to credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally limited to the carrying amount.

Cash is maintained with National Australia Bank and the Standard Bank of South Africa.

The investment in mining rehabilitation insurance policy is invested by Guardrisk in the following investments,

<b>Type of Investment</b>	<b>Type of interest</b>
Unit trust – monthly contributing	Floating interest rate
Unit trust – fixed investment	Floating interest rate
Money market	Floating interest rate
Current account	Non-interest bearing

(d) Foreign Exchange Risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows, excluding the forward subscription agreement obligation the sensitivity for which is disclosed in section (e) below:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Great British Pounds (GBP)	<b>(653,422)</b>	-	<b>670,765</b>	329,323
South African Rand (ZAR)	<b>(16,208)</b>	43,865	<b>16,208</b>	233,428
United States Dollars (USD)	<b>64,679</b>	3,055	-	-

Foreign currency sensitivity analysis

The Group is exposed to Great British Pound (GBP), United States Dollar (USD) and South African Rand (ZAR) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar (AUD) against the relevant currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes cash balances held in GBP, ZAR and USD which give rise to a foreign currency gain or loss on revaluation. A positive number indicates an increase in profit and other equity where the AUD strengthens against the ZAR. In relation to cash balances held in GBP a positive number indicates an increase in profit and other equity where the Australian Dollar strengthens against the respective currency. For a weakening Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

## Ferrum Crescent Limited

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### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 25: Financial risk management objectives and policies (continued)

##### (d) Foreign Exchange Risk (continued)

		2015		2014	
		Profit / (loss)	Equity increase / (decrease)	Profit / (loss)	Equity increase / (decrease)
		\$	\$	\$	\$
	-				
AUD strengthens	- ZAR	(1,621)	1,621	(20,078)	20,078
10%	- GBP	(65,342)	65,342	(32,932)	32,932
	- USD	12,268	(12,268)	305	(305)
AUD weakens	- ZAR	1,621	(1,621)	20,078	(20,078)
10%	- GBP	65,342	(65,342)	32,932	(32,932)
	- USD	(12,268)	12,268	(305)	305

The following table details the Group's sensitivity to a 10% increase and decrease in the AUD/ZAR exchange rate against the forward subscription agreement obligation. 10% represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only the forward subscription obligation which is equity settled and adjusts the obligation at the period end for a 10% change in foreign currency rates.

	2015		2014	
	Profit / (loss)	Equity increase / (decrease)	Profit / (loss)	Equity increase / (decrease)
	\$	\$	\$	\$
+ 10%	(69,818)	69,818	(65,523)	65,523
- 10%	69,818	(69,818)	65,523	(65,523)

##### (e) Fair value

The fair values of cash, trade and other receivables and trade and other payables approximate their carrying values, as a result of their short maturity or because they carry floating rates.

##### (i) Fair value of financial instruments measured at fair value

For financial instruments carried at fair value the Group adopts various methods in estimating fair value. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in an active market

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	Jun 2015 AUD	Jun 2014 AUD
<b>Level 2</b>		
Available for sale financial assets	187,048	772,429
Financial (liability)/asset at fair value through profit and loss – forward subscription agreement	-	208,375

For financial instruments not quoted in active markets, the Group uses valuation techniques such as other relevant models used by market participants which may include inputs derived from quoted prices in an active market (Level 2). These valuation techniques use both observable and unobservable market inputs.

## Ferrum Crescent Limited

A.C.N. 097 532 137

### Notes to the consolidated financial statements (continued) For the year ended 30 June 2015

#### Note 25: Financial risk management objectives and policies (continued)

##### (f) Equity Price Risk

The Group entered into a forward subscription agreement, details of which are provided in Note 11(a). This agreement requires the Company to issue a variable number of shares in exchange for ZAR 7.5 million. A change in the Group's share price impacts the value of the subscription agreement obligations and as a result the Group is exposed to equity price risk.

The following table details the Group's sensitivity to a 10% increase and decrease in the share price of the Company (AUD) against the forward subscription agreement obligation (2015: nil (asset); 2014: \$208,375 (asset)), which is designated as "Level 2". 10% represents management's assessment of the possible change in the Company's share price. The sensitivity analysis includes only the forward subscription obligation which is equity settled and adjusts the obligation at the period end for a 10% change in the share price of the Company.

	2015		2014	
	Profit / (loss)	Equity increase / (decrease)	Profit / (loss)	Equity increase / (decrease)
	\$	\$	\$	\$
+ 10%	-	-	(32,023)	32,023
- 10%	-	-	32,023	(32,023)

#### Note 26: Parent Entity Information

	2015	2014
	\$	\$
Current assets	934,073	726,493
Total assets	934,474	1,499,367
Current liabilities	129,863	83,421
Total liabilities	129,863	83,421
Issued capital	35,855,014	29,333,702
Retained earnings	(30,702,626)	(28,236,325)
Reserves	4,347,776	4,239,108
Total shareholders' equity	804,612	1,415,946
Profit / (loss) of the parent entity	(2,466,304)	(1,828,845)
Total comprehensive (loss) / income	(2,725,442)	(1,828,845)

On 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCR") completed the legal acquisition of Ferrum Metals Limited (formerly Ferrum Crescent Limited) ("FML"). Under the terms of AASB 3 Business Combinations (Revised), FML was deemed to be the accounting acquirer in the business combination. The transaction was therefore accounted for as a reverse acquisition. The Parent entity therefore had issued capital of \$25,620,916 as opposed to the Group's consolidated issued capital of \$28,366,383. For further details please refer to the disclosures contained within the 30 June 2010 Annual Report.

There have been no guarantees entered into by the parent entity in relation to any debts of its subsidiaries.

The parent entity has no contingent liabilities as at 30 June 2015 (2014: Nil).

## **Ferrum Crescent Limited**

A.C.N. 097 532 137

### **Notes to the consolidated financial statements (continued)**

**For the year ended 30 June 2015**

#### **Note 27: Subsequent events**

In May 2015, the Company entered into a Memorandum of Understanding (“MOU”) with Principle Monarchy Investments (Proprietary) Limited (“PMI”), whereby PMI will pay R142m (US\$12m) to acquire up to 39% of Ferrum Iron Ore (Proprietary) Limited (“FIO”). The incoming funds will be used by FIO towards financing of the BFS costs for the Moonlight Project. In return for an investment of US\$12m, to be paid across three tranches, PMI will receive a total of 39% of FIO’s equity.

As at the date of this report, the first payment due under the terms of the MOU had yet to be received such that the MOU was not legally binding at that point.

Furthermore, the Company is at the date of this report at an advanced stage in relation to an alternative BFS financing arrangement with another group.

## Ferrum Crescent Limited

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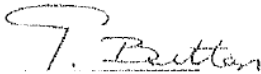
### Directors Declaration

In the opinion of the directors of Ferrum Crescent Limited :

- (a) the financial statements and notes set out on pages 48 to 94 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (b); and
- (c) subject to the matters discussed in Note 2(g), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2015.

This declaration is made in accordance with a resolution of the directors.



G Button  
Non-Executive Director  
Perth  
30 September 2015



Ernst & Young  
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## Independent auditor's report to the members of Ferrum Crescent Limited

To the members of Ferrum Crescent Limited

### Report on the financial report

We have audited the accompanying financial report of Ferrum Crescent Limited which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit and loss or comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Opinion

In our opinion:

- (a) the financial report of Ferrum Crescent Limited is in accordance with the *Corporations Act 2001*, including:
- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

## Emphasis of matter

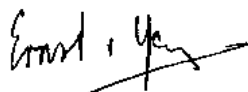
Without qualifying our opinion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubts about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Ferrum Crescent Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Robert A Kirkby

Partner

Perth

30 September 2015



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## Auditor's Independence Declaration to the Directors of Ferrum Crescent Limited

In relation to our audit of the financial report of Ferrum Crescent Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Robert A Kirkby  
Partner  
30 September 2015



## ASX Requirements

Distribution schedules of shareholders and statements of voting rights are set out in Table 1, whilst the Company's top twenty shareholders are shown in Table 2. Substantial shareholder notices that have been received by the Company are set out in Table 3 and the tenement schedule as at 30 June 2015 is set out in Table 4.

**Table 1**  
**Shareholder spread**

**Ordinary shares, with right to attend meetings and vote personally or by proxy, through show of hands and, if required, by ballot (one vote for each share held)**

1-1,000	56
1,001-5,000	71
5,001-10,000	101
10,001-100,000	254
100,001 - and over	267
Total holders of ordinary shares	749
Total number of ordinary shares	618,787,353

**Options, with no right to attend meetings or vote personally or by proxy**

1-1,000	-
1,001-5,000	-
5,001-10,000	-
10,001-100,000	-
100,001 - and over	7
Total holders of options	7
Total number of options	13,000,000

**Table 2**  
**Top twenty shareholders**

<b>Shareholder</b>	<b>Number of shares</b>	<b>Percentage</b>
Grassroots Exploration Pty Ltd	77,505,870	14.93%
Barclayshare Nominees Limited	74,606,093	12.06%
Rathbone Nominees Limited	31,340,486	5.06%
TD Direct Investing Nominees (Europe) Limited	27,687,074	4.47%
Mr Edward Francis Nealon	26,741,557	4.32%
Mkhombi Amamoto (Proprietary) Ltd	25,281,620	4.09%
Citicorp Nominees Pty Limited	18,780,283	3.04%
SVS Nominees Limited <POOL>	18,034,150	2.91%
WB Nominees Limited	14,066,623	2.27%
HSDL Nominees Limited	12,672,111	2.05%
Peel Hunt Holdings Limited <PMPRINC>	11,788,445	1.96%
National Nominees Limited	11,472,440	1.85%
Hargreaves Lansdown (Nominees) Limited <HLNOM>	10,872,256	1.76%
SVS Securities (Nominees) Isa Limited <ISA>	9,230,950	1.50%
Hargreaves Lansdown (Nominees) Limited <15942>	8,472,397	1.37%
Sunshore Holdings Pty Ltd	8,034,361	1.30%
HSBC Client Holdings Nominee (UK) Limited <731504>	6,444,820	1.04%
Pershing Nominees Limited <ABCLT>	5,250,757	0.85%
HSBC Marking Name Nominee (UK) Limited <689925>	5,225,000	0.80%

## ASX Requirements (continued)

**Table 3**  
**Substantial shareholders**

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage</i>
1. Grassroots Exploration Pty Ltd	77,505,870	14.93%
2. Barclayshare Nominees Ltd	74,606,093	12.06%
3. Rathbone Nominees Limited	31,340,486	5.06%

### **Voting Rights**

The voting rights attached to each class of equity securities are set out below:

#### **(a) Ordinary shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Table 4**

**Tenement schedule as at 30 June 2015:**

<b>Project</b>	<b>Tenement Number</b>	<b>Tenement Status</b>	<b>Holder</b>	<b>Percentage Interest</b>
Moonlight	30/5/1/2/2/201 MR	Mining Right Granted	Ferrum Iron Ore (Pty) Ltd	97%
Moonlight	LP30/6/1/1/2/11868PR	Prospecting Application	Ferrum Iron Ore (Pty) Ltd	97%

## JSE Limited Requirements

<b>Headline earnings reconciliation</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Loss attributable to ordinary equity holders of the parent entity	(2,345,860)	(2,549,782)
Add back IAS 16 loss on the disposal of plant and equipment	-	180
Less profit on sale of available for sale investments	(137,597)	-
Total tax effects of adjustments	38,527	-
<b>Headline loss</b>	<b>(2,444,930)</b>	<b>(2,549,602)</b>
Basic loss per share	(2,345,860)	(2,549,782)
Weighted average shares in issue	468,894,041	343,268,696
Basic loss per share (cents)	<b>(0.50)</b>	<b>(0.75)</b>
Headline loss	(2,444,930)	(2,549,602)
Weighted average shares in issue	468,894,041	343,268,696
Headline loss per share (cents)	<b>(0.52)</b>	<b>(0.75)</b>