

31 October 2011

**Ferrum Crescent Limited**  
**(“Ferrum” or the “Company” or, depending upon the context, the “Group”) (AIM and ASX: FCR)**  
**Quarterly Activities and Cashflow Report**  
**For the period ended 30 September 2011**

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Ferrum Crescent Limited, the AIM and ASX quoted iron ore developer in northern South Africa, today announces its quarterly results for the three month period ending 30 September 2011.

**HIGHLIGHTS:**

**Moonlight Iron Ore Project:**

- Definitive feasibility study (“DFS”) progressed, including work on the metallurgical testwork programme, pipeline engineering and access studies, and identification of construction contractors and processing plant suppliers
- Mining Right application process progressed, with grant of licence now anticipated in late 2011 or early 2012
- Following a recent 12 hole drilling programme at Moonlight, work continues towards an updated resource model, which will be finalised in Q4 2011. A staged programme of some 10,000 metres of drilling is planned in 2012 on the Julietta farm, the adjacent farm to Moonlight, which is yet to be drill tested by Ferrum despite hosting known magnetite mineralisation
- Certain DFS activities to be deferred pending consideration of all current infrastructure development programmes planned across southern Africa; the impact being full completion of the DFS will likely be delayed from Q4 2012 into 2013

**Corporate:**

- Ferrum Crescent scheduled to list on the JSE in November 2011. Appointment of Robert Hair as Managing Director during the period
- Cash as at 30 September 2011 is more than A\$6m, with the Company funded for its currently planned work programmes

### **Moonlight Iron Ore Project**

During the Quarter, Ferrum continued to progress the definitive feasibility study for the Moonlight Iron Ore Project. The work has focused on various aspects of the project including the pipeline route, plant location and pipeline access at Lephalale and beneficiation processes. The Company has also identified pipeline engineering and mining contractors and received expressions of interest from suppliers of processing plant equipment.

Ferrum also finalised preparation of a comprehensive metallurgical programme to include comminution and beneficiation studies. The initial phase of this work will use core samples from the current drilling programme and be directed at the development of a probable flow sheet for the upgrade of iron mineralisation to a product grade of suitable composition for the production of DRI pellets.

Positive discussions at a high level relating to rail, power, ports and water between the Company, Transnet and other South African infrastructure suppliers have been held. In addition, Ferrum is discussing such infrastructure needs with other resources companies within the Waterberg region (where the anticipated Moonlight Iron Ore Project is located). These companies, particularly those within the coal mining sector, have similar infrastructure requirements to Ferrum, and initial discussions have led to a potentially more optimal outcome than currently being contemplated in the ongoing DFS. To allow the Board time to consider current infrastructure development programmes planned across southern Africa, certain DFS activities will be deferred until we are satisfied all logistical options have been received. This means that the full completion of the DFS will be likely delayed from Q4 2012 into 2013.

In conjunction with the DFS, supporting plans and studies in order to progress the Group's mining right application were again advanced. Under the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) of South Africa and the National Environmental Management Act (Act 107 of 1998) of South Africa, the Company completed and submitted an environmental impact assessment (EIA) report within 180 days of the Mining Right application. The report was submitted in the Quarter, following the incorporation of comments arising from the public consultation process which was held in August. Whilst the process took longer than scheduled, the Company remains confident that the mining licence will be granted either late in 2011 or early in 2012.

With respect to the plan for 2012, the Board has agreed the following path forward, with action priorities in the following order:-

1. Firstly, a staged programme of some 10,000 metres of drilling will be carried out on the magnetite mineralisation at Julietta (the adjacent farm to Moonlight Farm, one of the three farms covered by the Moonlight mining right application) to carry out the detailed exploration that the project requires and thereby to add to the resource. Apart from estimating a JORC-compliant resource at Julietta, it is planned that samples from this drilling will be combined with material from Moonlight for the purposes of Davis Tube Recovery (DTR) testwork and subsequent mining studies, which will be carried out following such DTR testwork.
2. Secondly, furthering the good progress made this year on the infrastructure programme by developing the various plans to process and deliver the Company's iron ore to customers.

3. Lastly, to plan and develop the other studies, principally the metallurgical, mining and engineering studies, required for the DFS finalisation.

Julietta was drilled by South Africa's Iron and Steel Development Corporation ("Iskor") in the period 1993 - 1997, and though Iskor published the results of that drilling and its estimates of magnetite mineralisation at Julietta, Ferrum has not yet carried out any drilling there. The reason that it is considered high priority at this stage is that the Board considers that material from Julietta needs to be included in the next metallurgical test work.

### Corporate

The Company's audited financial results and directors' report for the year ending 30 June 2011 were completed and released to the market on 08 September 2011.

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:

	2011 \$	2010 \$
<b>Net profit / (loss) from continuing operations after income tax</b>	(8,141,794)	(7,404,546)
Basic earnings / (loss) per share in cents	(3.32)	(5.86)
Share Price in Cents	20	14
Information for South African regulatory purposes:		
<b>Headline earnings</b>	(9,404,796)	(3,817,925)
Basic loss	(8,141,794)	(7,404,546)
Weighted average shares on issue	245,275,224	126,346,059
<b>Basic loss per share</b>	(0.03)	(0.06)
Headline loss	(9,404,796)	(3,817,925)
Weighted average shares on issue	245,275,224	126,346,059
<b>Headline loss per share</b>	(0.04)	(0.03)
Net asset / (liability) value	(1,902,104)	(1,016,527)
Total number of shares on issue	292,246,705	26,882,823
<b>Net asset / (liability) value per share</b>	(0.01)	(0.04)
Net tangible asset / (liability) value	(1,902,104)	(1,016,527)
Total number of shares on issue	292,246,705	26,882,823
<b>Net tangible asset / (liability) value per share</b>	(0.01)	(0.04)

As previously announced, the Company has been planning a listing on the Johannesburg Stock Exchange ("JSE"). During the quarter, the preparations for such listing were well advanced. Quotation on the JSE is scheduled for November 2011. Listing of Ferrum on JSE is required in order to meet one of the conditions precedent to the finalisation of the share subscription agreement with Ferrum's BEE partner in the Moonlight Project. Under this and related agreements, the BEE partner's shareholding in Turquoise Moon, the company that holds the Moonlight Iron Project, will be swapped for shares at the holding company level, resulting in Ferrum having an effective 97% interest in Moonlight. (The remaining 3% will be held by a trust for the Ga-Seleka Community, the community which will be most impacted by the future mining activities at Moonlight).

On 13 July 2011, the Directors of Ferrum Crescent announced the appointment of Robert Hair as Managing Director of the Company, effective immediately. Following the end of the reporting period, Bob Van Der Laan resigned as Chief Financial Officer. His duties are being covered by Beverley Gardner in South Africa and an accounting firm in Australia. Beverley Gardner joined the Group on 1 July 2011 as Senior Accountant. Grant Button, a non-executive director of the Company and a qualified accountant and chairman of the audit committee, is providing oversight of the finance team whilst the Company adjusts to the changes in personnel in this function.

<b>Australia and Company enquiries</b>	<b>UK and press enquiries</b>
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For more information on the Company visit <a href="http://www.ferrumcrescent.com">www.ferrumcrescent.com</a>	<b>Threadneedle Communications Limited</b> Laurence Read/Beth Harris T: +44(0)20 7653 9855

**Competent Person’s Statement:**

*The information in this report is based on information compiled by Lindsay Cahill, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Cahill has 20 years’ experience relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Cahill is a consultant to the Company and the mining industry. This report is issued with Mr Cahill’s consent as to the form and context in which the exploration results appear.*

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Ferrum Crescent Limited

ABN

58 097 532 137

Quarter ended ("current quarter")

30 September 2011

### Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,297)	(1,297)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	75	75
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	2	2
<b>Net Operating Cash Flows</b>	<b>(1,909)</b>	<b>(1,909)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(12)	(12)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(12)</b>	<b>(12)</b>
1.13 Total operating and investing cash flows (carried forward)	(1,921)	(1,921)

1.13	Total operating and investing cash flows (brought forward)	(1,921)	(1,921)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – share issue costs	(17)	(17)
	<b>Net financing cash flows</b>	<b>(17)</b>	<b>(17)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,938)</b>	<b>(1,938)</b>
1.20	Cash at beginning of quarter/year to date	8,114	8,114
1.21	Exchange rate adjustments to item 1.20	(31)	(31)
1.22	<b>Cash at end of quarter</b>	<b>6,145</b>	<b>6,145</b>

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	127
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

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

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

## Financing facilities available

Add notes as necessary for an understanding of the position.

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

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	468
4.2 Development	
4.3 Production	
4.4 Administration	972
<b>Total</b>	<b>1,440</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,145	8,114
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,145</b>	<b>8,114</b>

## Changes in interests in mining tenements

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



## Issued and quoted securities at end of current quarter


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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	298,691,705	292,246,705	Various	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	2,950,000 18,546,727	2,950,000 18,546,727	<i>Exercise price</i> \$0.0198 \$0.400	<i>Expiry date</i> 07 December 2013 31 December 2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				

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

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

Sign here:  ..... Date: 31 October 2011  
 (Company secretary)

Print name: Andrew Nealon.....

## Notes

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

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