Ferrum Crescent Limited

A.C.N. 097 532 137

Annual Report

For the year ended

1 July 2013 to 30 June 2014

Directors' Report

Directors:
Mr. Ed Nealon
Mr. Tom Revy
Mr. Klaus Borowski
Mr. Grant Button
Mr. Kofi Morna
Mr. Ted Droste

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

Share Registry:
Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000 AUSTRALIA
Telephone (+61 8) 9323 2000
Facsimile (+61 8) 9323 2033

Registered and Principal Office

Level 4, Suite 5
South Shore Centre
85 The Esplanade
South Perth WA 6151Telephone (+61 8) 9367 5681
Facsimile (+61 8) 9238 0722
Website: www.ferrumcrescent.com
Email: info@ferrumcresecent.com

Stock Exchange Listing
Ferrum Crescent Limited shares are listed on the Australian Securities Exchange (ASX code: FCR), the London Stock Exchange (AIM code: FCR) and the JSE Limited (JSE: FCR).

The directors of Ferrum Crescent Limited ("Ferrum" or "the Company") present their report for the year 1 July 2013 to 30 June 2014.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Directors as at year end and until the date of this report:

Mr Ed Nealon *(Age 64) Chairman, Non-Executive director*

Mr Nealon is a geologist with some 40 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 Richland Resources Ltd (AIM: RLD). Mr Nealon was Non-executive director of Condoto Platinum NL (ASX: CPD) until his resignation on 21 October 2011. Otherwise, he has not been a director of a listed company in the last three years.

Mr Klaus Borowski *(Age 74) 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 as managing director of Krupp South Africa and as executive director of IMS. In 1998, Mr Borowski formed Applied Metallurgical Technologies, and, amongst other things, he was on the steering committee of Saldhana Steel and Duferco Steel Processing. Other than in the case of Ferrum, he has not been a director of a 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.

Mr Grant Button *(Age 52) 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 also an executive director of Magnum Mining & Exploration Limited (ASX: MGU) and executive director of Sylvania Platinum Limited (AIM: SLP). 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. He was also a director of the Company (then Washington Resources Limited) until his resignation on 1 December 2008. Otherwise, he has not been a director of a listed company in the last three years. Mr Button is chairman of the Company's Audit Committee and Nomination Committee and a member of the Company's Remuneration Committee.

Directors' Report

Mr Tom Revy (Age 50) *Managing director*

Mr Revy is a mining professional with 30 years' experience specialising in operations, project development and corporate management. His appointment brings a wealth of experience in project development and planning to Ferrum Crescent as the Company 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$1.8B project Tenke Fungurume project in the DRC. Mr Revy is a Non-Executive director of the unlisted Resmin / Sssafen PLC (appointed January 2013) and is Non-Executive chairman of ASX-listed Empire Resources Limited (appointed January 2010). Otherwise, he has not been a director of a listed company in the last three years.

Mr Kofi Morna *(Age 55) Non-Executive director*

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 is an Executive director of Savannah Resources (Pty) Ltd. He has a broad exposure to the iron ore industry in RSA and is a director of Mkhombi Investments (Pty) Ltd, the Company's BEE partner. Mr Morna is a member of the Nomination Committee of the Company. Otherwise, he has not been a director of a listed company in the last three years.

Mr Ted Droste *(Age 72) Non-Executive director*

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. After ten years with Sentrachem, he joined the Industrial Development Corporation of South Africa ("IDC") in 1974, in whose employ he remained until he took 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 investments holding company, TC Droste Investments (Pty) Ltd. Otherwise, he has not been a director of a listed company in the last three years. Mr Droste is a member of the Company's Audit Committee, Remuneration Committee and Nomination Committee.

Mr Robert Hair (*Age 61) Company Secretary*

Mr Hair is a lawyer with over 25 years' experience in the resources sector. He has held several roles in the MIM Group and smaller companies and has Australian and extensive international experience in legal, commercial, financial and organisational aspects of exploration, mining and processing operations. He has consulted to various companies in the resources and information technology sectors and is currently a non-executive director of ASX-listed Carpentaria Exploration Limited (ASX: CAP). Mr Hair resigned from his position as Company Secretary on 13 July 2011. He was a director of the Company (then Washington Resources Limited) until his resignation on 27 October 2008 and of Northern Minerals Limited (formerly Northern Uranium Limited, ASX: NTU) until his resignation on 2 June 2010. He was subsequently appointed as a director of the Company in July 2011 and held that position until 29 April 2014, when he resigned to assume the company secretary role. Otherwise, he has not been a director of a listed company in the last three years.

Directors' Report

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	9,340,607	-
Tom Revy	-	2,500,000
Grant Button	1,436,000	-

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 (2013: 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 on pages 21 to 38 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 in Limpopo Province, South Africa. The Company has concluded a detailed review of the bankable feasibility study ("BFS") requirements for the Moonlight Iron Ore 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 allows final costings to be made for the mining plan and items such as the pellet plant. A project schedule for completion of the Moonlight BFS has also been announced.

In carrying out its operations during the period, the Group has incurred a loss before income tax for the period of 1 July 2014 to 30 June 2014 of $2,565,598 (2013: loss $1,901,288). The Group had net assets of $952,426 (2013: $1,865,492) as set out in the attached Statement of Financial Position.

Significant changes in the 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 been disclosed in other areas of this Annual Report other than stated directly hereunder.

Significant events after the balance date

There are no subsequent events to report.

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 Iron Ore Project in Limpopo Province, South Africa;

- Seeking strategic acquisition opportunities within the exploration and mining industry to 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, conserving the Group's cash position to be able to take advantage of 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 strategic acquisition considered by the directors to be likely to add value to the Group or 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 successfully defending 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);

(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, 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.

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.

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 year are set out below.

	2014 $	2013 $
Remuneration of the auditor of the Company for Group and subsidiary statutory reporting:		
-auditing or reviewing the financial report	**63,653**	59,500
-other assurance related services	-	-
	63,653	59,500

Directors' meetings

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

Meetings of Committees

	Directors	Audit	Remuneration	Nomination
Number of Meetings held:	**6**	**1**	**1**	**-**
Number of Meetings attended:				
Ed Nealon	6	-	-	-
Tom Revy	2	-	-	-
Klaus Borowski	5	-	1	-
Grant Button	6	1	1	-
Kofi Morna	5	-	-	-
Ted Droste	5	-	1	-
Robert Hair	6	-	-	-

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) 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 oversight of remuneration
4. Non-executive director remuneration arrangements
5. Executive remuneration arrangements
6. Executive contractual arrangements
7. Equity instruments disclosures

1. Individual key management personnel disclosures

(i) Directors:

Ed Nealon	Non-Executive Chairman and Director	Appointed 9 March 2010 and 1 November 2010 respectively
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
Ted Droste	Non-Executive Director	Appointed 15 October 2010
Grant Button	Alternate Director, Non-Executive Director	Appointed 15 June 2010 and 15 October 2010 respectively
Robert Hair	Managing Director	Appointed 13 July 2011 Resigned 29 April 2014

(ii) Executives:

Scott Huntly	Strategic Development Manager	
Bev Gardner	Financial Controller	
Dave Richards	Compliance Manager	
Andrew Nealon	Company Secretary	Resigned 29 April 2014
Lindsay Cahill	Consultant Geologist	
Robert Hair	Company Secretary	Appointed 29 April 2014

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.

Remuneration report (audited) (continued)

2. Remuneration at a glance (continued)

Shares and options issued under the incentive plans provide an incentive to stay with the Group. At this time, 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, under 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 during that month. The plan was established to allow for the subsequent settlement of salary or fees since 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.

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.

Remuneration report (audited) (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 there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The non-executive directors of the Company may also participate in the 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 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 of the Company may also participate in the share and option plans as described in this report, including the salary sacrifice share plan described in this report. Refer to page 16 for details of options granted during the period.

Remuneration report (audited) (continued)

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:

	2014 $	**2013 $**	**2012 $**	**2011 $**	**2010 $**
Net profit / (loss) from continuing operations after income tax	(2,565,598)	(1,901,288)	4,479,716	(8,141,794)	(7,404,546)
Basic earnings / (loss) per share in cents	(0.75)	(0.60)	(1.57)	(3.32)	(5.86)
Share Price in Cents	1.6	1.4	3	20	14

6. Directors' contractual arrangements

Mr. Edward Nealon was appointed executive chairman of the Company on 1 November 2010 and received fees in relation to his services as executive chairman for the amount of $80,000 per annum. Mr Nealon resigned as an executive of the Company effective 29 April 2014 and remains as non-executive chairman. Mr Nealon entered into a new contract with the Company for the services as non-executive chairman, and this was dated 29 April 2014. Under this contract, he receives a salary of $50,000 plus statutory superannuation and reimbursement of expenses. He has elected to participate in the salary sacrifice plan described elsewhere in this report for a period of 18 months from 1 April 2013, which applies to 100% of his salary. He agreed at the board meeting held on 13 September 2013 to waive the right to any accrued fees or shares (totalling $46,670 at 30 June 2013) until a decision is made at a later board meeting with respect of certainty as to the source of future funding to be obtained by the Company.

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 granted 2,500,000 options to acquire shares in the Company, with an exercise price of $0.08 and expiring 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 Bankable Feasibility Study (BFS) on the Moonlight Iron Ore 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 on execution of the Moonlight Iron Ore 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. Robert Hair was until 19 February 2014 managing director of the Company. On 13 July 2011, the Company and a company associated with Mr. Hair entered into an agreement containing the terms and conditions under which the services of managing director were provided to the Company.

The agreement involved the payment to the Company associated with Mr Hair of an annual fee of $264,000 plus GST (increasing by reference to the consumer price index each year) and reimbursement of expenses.

Mr Hair agreed at the board meeting held on 13 September 2013 to waive the right to any accrued fees or shares (totalling $68,000 at 30 June 2013) until a decision was made at a later board meeting with respect of certainty as to the source of future funding to be obtained by the Company. A company on 29 April 2014 associated with him entered into a new 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.

Directors' Report

Remuneration report (audited) (continued)

6. Directors' contractual arrangements (continued)

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.

The agreement involves 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 the consulting fees be discontinued until detailed feasibility study activities are accelerated following significant funding and those fees be apportioned according to time and activities undertaken by each consultant going forward.

Mr. Kofi Morna 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.

Mr. Ted Droste 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 of $40,000 per annum. In addition to fees that he receives as a non-executive director, the Company and a company associated with Mr. Droste entered into an agreement containing the terms and conditions under which technical and commercial consulting services are provided to the Company.

The agreement involves the payment to the Company associated with Mr. Droste of an annual fee of $90,000 and reimbursement of expenses. On 23 April 2014, he agreed with the Company to forego any accrued but unpaid and all ongoing consulting fees until the Company requires his services for the purposes of progressing the Moonlight Iron Ore Project. He further agreed at that board meeting that further fees under that agreement would be based on an hourly rate once feasibility study activities are accelerated.

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. He has elected to participate in the salary sacrifice plan described elsewhere in this report for a period of 18 months from 1 February 2013, which applies to 100% of his fees.

7. Key management personnel contractual arrangements

Agreement with Strategic Development Manager

Mr. Scott Huntly was appointed as strategic development manager, effective on 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. He elected to participate in the salary sacrifice plan described elsewhere in this report for a period of 3 months from 1 July 2013 which applies to 33% of his fees.

Agreement with Compliance Manager

Mr. Dave Richards was appointed as compliance manager, effective on 4 April 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.

Directors' Report

Remuneration report (audited) (continued)

7. Key management personnel contractual arrangements (continued)

Agreement with Company Secretary

On 1 February 2010, the Company and a company associated with Mr. Andrew Nealon entered into a new agreement containing the terms and conditions under which the services of company secretary are provided to the Company.

The agreement involved the payment to a company associated with Mr. Nealon of an annual fee of $60,000 (increasing by reference to the consumer price index each year) and reimbursement of expenses.

He elected to participate in the salary sacrifice plan described elsewhere in this report, which applied to 100% of his fees until his resignation on 29 April 2014. Mr Nealon resigned as company secretary effective on 29 April 2014.

Agreement with Financial Controller

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

Agreement with Consultant Geologist

On 11 April 2011, the Company and a company associated with Mr. Lindsay Cahill entered into an agreement containing the terms and conditions under which the services of consultant geologist are provided to the Company.

The agreement involves the payment to a company associated with Mr. Cahill of an hourly fee and reimbursement of expenses.

Remuneration report (audited) (continued)

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

Table 1: Remuneration for the year ended 30 June 2013 and 30 June 2014

		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)				
		$	$	$	$	$	$	$	$	$	$	$	$	%	%
Non-executive directors															
Klaus Borowski	2014	63,625	-	-	-	-	-	-	-	-	-	-	63,625	-	-
	2013	71,500	-	-	-	-	-	-	-	-	-	-	71,500	-	-
Grant Button (1)	2014	17,064	-	-	-	3,303	-	-	-	-	19,633	-	40,000	-	-
	2013	28,516	-	-	-	3,303	-	-	-	-	8,181	-	40,000	-	-
Kofi Morna	2014	40,000	-	-	-	-	-	-	-	-	-	-	40,000	-	-
	2013	40,000	-	-	-	-	-	-	-	-	-	-	40,000	-	-
Ted Droste	2014	74,312	-	-	-	-	-	-	-	-	-	-	74,312	-	-
	2013	134,500	-	-	-	-	-	-	-	-	-	-	134,500	-	-
Ed Nealon (1)	2014	-	-	-	-	-	-	-	-	-	80,000	-	80,000	-	-
	2013	-	-	-	-	-	-	-	-	-	80,000	-	80,000	-	-
Executive directors															
Tom Revy (2)	2014	105,774	-	-	-	10,984	-	-	-	22,031	-	-	138,789	-	15.87%
	2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	**2014**	**300,775**	**-**	**-**	**-**	**14,287**	**-**	**-**	**-**	**22,031**	**99,633**	**-**	**436,726**		
Subtotal	**2013**	**274,516**	**-**	**-**	**-**	**3,303**	**-**	**-**	**-**	**-**	**88,181**	**-**	**366,000**		

(1) These directors have opted to partake in the Salary Sacrifice share scheme for 2013 and 2014 financial years.
(2) Joined the company on 20th February 2014.

Directors' Report (continued)

Remuneration report (audited) (continued)

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

Table 1: Remuneration for the year ended 30 June 2013 and 30 June 2014 (continued)

		Short-term benefits				Post-employment		Long - term benefits		Share-based payments		Termination payments	Total	Performance related	33
		Salary & fees	Cash bonus	Non Monetary Benefits	Other	Superannuation	Retirement benefits	Cash Incentives	Long Service Leave	Options	Salary Sacrifice				
		$	$	$	$	$	$	$	$	$	$	$	$	%	%
Other key management personnel															
Robert Hair[1]	2014	151,000	-	-	-	-	-	-	-	-	-	-	151,000	-	-
	2013	60,000	-	-	-	-	-	-	-	-	153,000	-	213,000	-	-
Vernon Harvey [2]	2014	-	-	-	-	-	-	-	-	-	-	2,715	2,715	-	-
	2013	231,739	-	-	1,696	-	-	-	-	4,644	-	103,919	341,999	-	1.33%
Scott Huntly	2014	187,147	-	-	-	-	-	-	-	-	21,449	-	208,596	-	-
	2013	197,581	-	-	2,754	-	-	-	-	-	-	-	200,335	-	-
Dave Richards	2014	79,283	-	-	-	-	-	-	-	912	-	-	80,195	-	1.14%
	2013	78,688	-	-	411	-	-	-	-	-	-	-	79,099	-	-
Andrew Nealon	2014	-	-	-	-	-	-	-	-	-	50,000	-	50,000	-	-
	2013	10,000	-	-	-	-	-	-	-	-	50,000	-	60,000	-	-
Bev Gardner	2014	120,129	-	-	-	-	-	-	-	912	-	-	121,041	-	0.75%
	2013	124,354	-	-	375	-	-	-	-	-	-	-	124,729	-	-
Total executive KMP	**2014**	**838,335**	**-**	**-**	**-**	**14,287**	**-**	**-**	**-**	**23,855**	**171,082**	**2,715**	**1,050,274**		
Total executive KMP	**2013**	**976,878**	**-**	**-**	**5,237**	**3,303**	**-**	**-**	**-**	**4,644**	**291,181**	**103,919**	**1,385,162**		

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

(2) Additional termination fees.

No remuneration is performance related for 2013 or 2014.

(1)

Directors' Report (continued)

Remuneration report (audited) (continued)

8. Equity Instruments disclosures

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

		Terms and Conditions for each Grant during the year						Options vested during the year	
30 June 2014	**Options awarded during the year No.**	**Award date**	**Fair value per option at award date ($)**	**Exercise price ($)**	**Expiry date**	**First exercise date**	**Last exercise date**	**No.**	**%**
Non-executive directors									
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
Total non-executive directors									
Executive directors									
Ed Nealon	-	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
Tom Revy	2,500,000	20 Feb 2014	$0.04195	$0.08	20 Feb 2017	20 Feb 2014	20 Feb 2017	Nil	Nil
Other key management personnel									Nil
Bev 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
Totals	**3,000,000**			**-**					

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.

Directors' Report (continued)

Remuneration report (audited) (continued)

8. Equity Instruments disclosures (continued)

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

30 June 2013		Terms and Conditions for each Grant during the year						Options vested during the year	
	Options awarded during the year No.	Award date	Fair value per option at award date ($)	Exercise price ($)	Expiry date	First exercise date	Last exercise date	No.	%
Non-executive directors									
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
Total non-executive directors									
Executive directors									
Ed Nealon	-	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
Other key management personnel									
Vernon Harvey(2)	400,000	14 Dec 2012	$0.0116	$0.10	14 Dec 2015	14 Dec 2012	14 Dec 2015	N/a	100%
Totals	**400,000**			**-**					

(1) Total value of options issued in 2013 was $40,000, being 400 options with an exercise price of $0.10 and a fair value at grant date of $0.0116. The options represent 12% of Vernon's total remuneration.

(1)

Directors' Report (continued)

Remuneration report (audited) (continued)

8. Equity Instruments disclosures (continued)

Table 3: Share holdings

2014	Shares				
	Balance 1-July-2013	Rights Exercised	On Exercise of Options	Net Change Other (i)	Balance 30-Jun-14
Directors					
Ed Nealon	4,184,532	-	-	5,156,075	9,340,607
Klaus Borowski	-	-	-	-	-
Kofi Morna	-	-	-	-	-
Ted Droste	-	-	-	-	-
Grant Button	1,436.000	-	-	-	1,436,000
Tom Revy	-	-	-	-	-
Executives					
Lindsay Cahill	832,500	-	-	-	832,500
Andrew Nealon	644,413	3,134,327	-	-	3,778,740
Scott Huntly	2,956,022	1,267,065	-	2,500,000	6,723,087
Robert Hair	7,696,118	-	-	480,769	8,176,887
Vernon Harvey	-	-	-	-	-
Dave Richards	-	-	-	-	-
Beverley Gardner	70,737	-	-	21,641	92,378

*Issued under the employee share plan
(i) Net change other includes:
- acquisitions and disposals on market
- issue in settlement of fees
- subscribed in share issue
- subscription for options
- sales / transfers
- appointment / resignation as director
- exchange of options for shares

(i)

Directors' Report (continued)

Remuneration report (audited) (continued)

Table 4: Option holdings

2014	Options						
	Balance 1-July-2013	Received as Remuneration	Options Expired	Net Change Other (i)	Balance 30-Jun-14	Vested 30-Jun-14	Exercisable 30-Jun-14
Directors							
Ed Nealon	-	-	-	-	-	-	-
Klaus Borowski	500,000	-	500,000	-	-	-	-
Kofi Morna	500,000	-	500,000	-	-	-	-
Ted Droste	500,000	-	500,000	-	-	-	-
Grant Button	-	-	-	-	-	-	-
Tom Revy	-	2,750,000	-	-	2,750,000	-	-
Executives							
Lindsay Cahill	-	-	-	-	-	-	-
Andrew Nealon	-	-	-	-	-	-	-
Scott Huntly	600,000	-	600,000	-	-	-	-
Robert Hair	-	-	-	-	-	-	-
Vernon Harvey	400,000	-	-	-	400,000	-	-
Dave Richards	-	250,000	-	-	250,000	-	-
Beverley Gardner	-	250,000	-	-	250,000	-	-

(i)

Directors' Report (continued)

Remuneration report (audited) (continued)

Table 5: Share rights holdings

2014	Share rights						
	Balance 1-July-2013	**Received as Remuneration**	**Shares Issued**	**Net Change Other (i)**	**Balance 30-Jun-14**	**Vested 30-Jun-14**	**Exercisable 30-Jun-14**
Directors							
Ed Nealon	2,648,617	3,756,630	-	(2,648,617)	3,756,630	3,756,630	3,756,630
Klaus Borowski	-	-	-	-	-	-	-
Kofi Morna	-	-	-	-	-	-	-
Ted Droste	-	-	-	-	-	-	-
Grant Button	552,504	921,933	-	(552,504)	921,933	921,933	921,933
Tom Revy	-	-	-	-	-	-	-
Executives							
Lindsay Cahill	-	-	-	-	-	-	-
Andrew Nealon	1,986,461	2,174,758	(3,134,127)	-	1,026,892	1,026,892	1,026,892
Scott Huntly	-	1,267,065	(1,267,065)	-	-	-	-
Robert Hair	2,777,186	-	-	(2,777,186)	-	-	-
Vernon Harvey	-	-	-	-	-	-	-
Dave Richards	-	-	-	-	-	-	-
Beverley Gardner	-	-	-	-	-	-	-

(i) Shares waived at Board meeting in September 2013

Directors' Report (continued)

Remuneration report (audited) (continued)

8. Equity Instruments disclosures (continued)

Table 4: Number of employee shares (under non-recourse loan schemes) held by directors and executives:

2014

Directors	Balance 1-July-13	Received as Remuneration	Options Exercised	Net Change Other	Balance 30-Jun-14
Ed Nealon	1,100,000	-	-	-	1,100,000
Grant Button	900,000	-	-	-	900,000
Executives					
Lindsay Cahill	450,000	-	-	-	450,000
Andrew Nealon	240,000	-	-	(240,000)	-
Robert Hair	1,000,000	-	-	-	1,000,000

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 2014 (2013: Nil).

Directors' Report (continued)

Remuneration report (audited) (continued)

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 2013 and 2014

	2014	2013
	$	$
Consulting secretarial fees were paid or accrued to Athlone International Consultants Pty Ltd, a company with which Andrew Nealon is associated	**50,007**	60,000
Consulting fees were paid or accrued to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder (1)	**151,000**	264,000
Consulting fees were paid to T.C Droste Investments Pty Ltd, a company of which Ted Droste is a director and shareholder	**34,313**	94,500

(1) AUD 68,000 of the 2013 fees was to be settled in shares on the 13th September 2013 these fees were waived at the Group's Board meeting.

Kofi Morna, a Director of the Company, is also a director and shareholder of Mkhombi AmaMato (Pty) Ltd, who, prior to entering into the BEE subscription agreement had a majority interest in Mkhombi Investments (Pty) Ltd. Upon completion of the subscription agreement detailed in the review of operations section and Note 12 above, Mkhombi AmaMato will directly own 15.6% or approximately 55,208,419 shares in the Company.

End of Remuneration Report

(1)

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 107 and forms part of this report.

This report is made in accordance with a resolution of directors.

G Button
Finance Director
Perth
30 September 2014

Directors' Report (continued)

Company and Project Overview

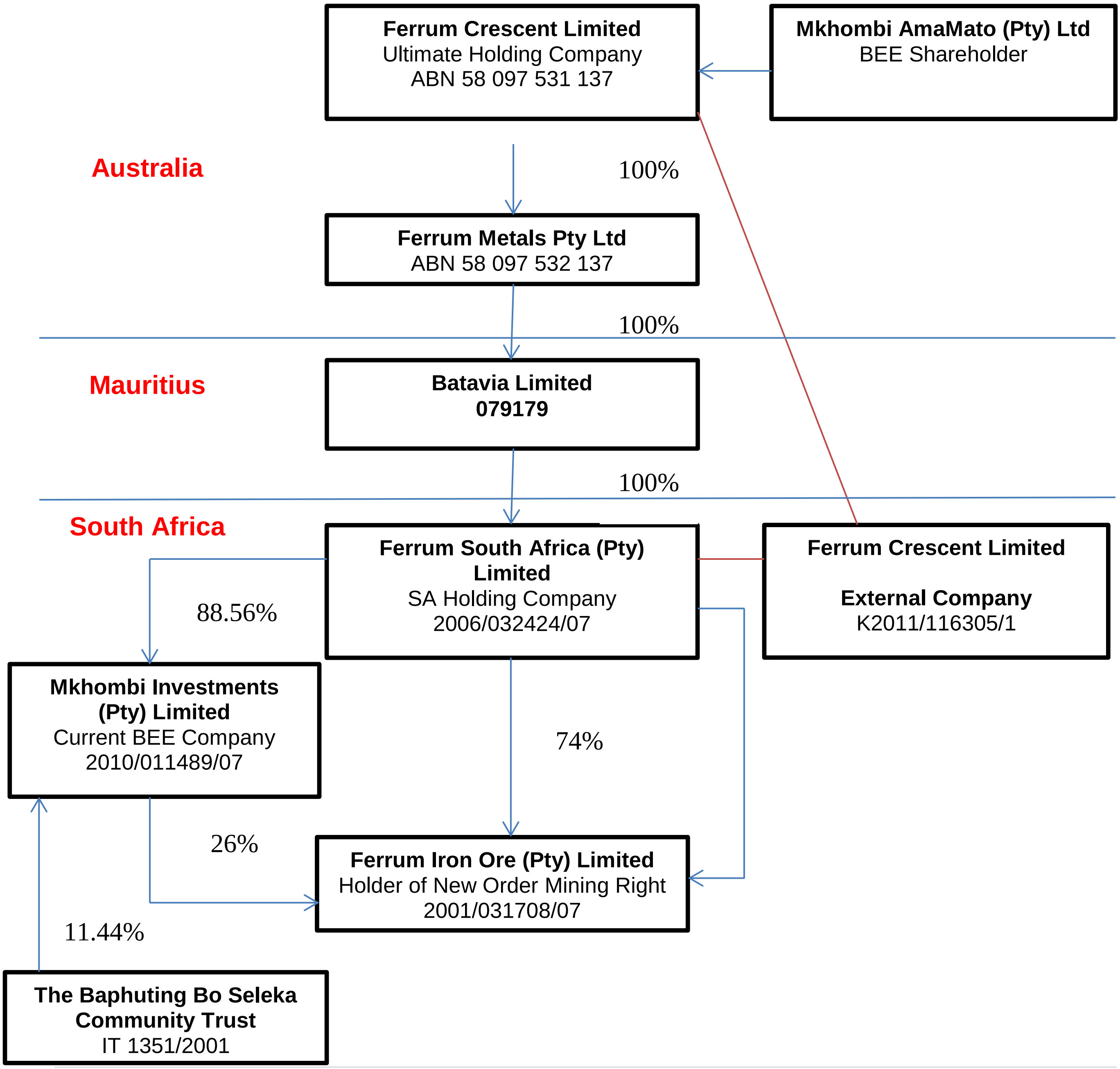
Introduction to the Group

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

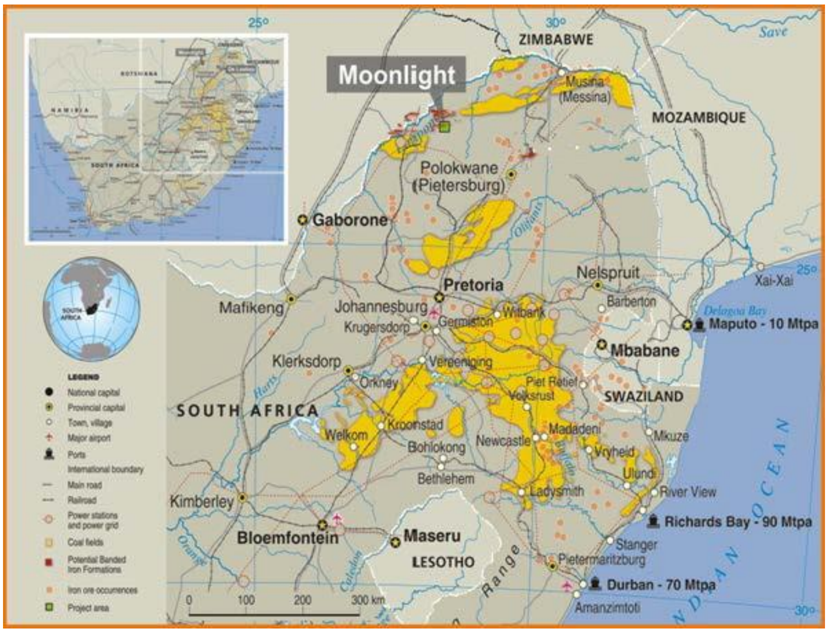
Ferrum's corporate structure is shown in Figure 1.

This reflects the beneficial ownership interests that have been accounted for as at 30 June 2014.

Figure 1: Ferrum Group Structure



Company and Project Overview (continued)



Ferrum seeks to capitalise on the future demand for iron and steel worldwide by producing iron products in the Republic of South Africa, for both the domestic and the export markets.

The Moonlight Deposit (upon which the Moonlight Iron Ore Project or "Moonlight" or the "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 it is the main operational focus for the Company. Iscor, which explored the Project in the 1980s and '90s, reported mineralisation, capable of producing a concentrate grading 68.7% iron. At the time, Iscor concluded that the deposit, which was described as comparable to the world's best, was easily mineable due to its low waste-to-ore ratio. The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

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

Various key components of the Moonlight Iron Ore Project bankable feasibility study have already been concluded including:

- 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

In order to advance the BFS economic model, the Moonlight Project Mineral Resource estimate was during the reporting period, reported in terms of the JORC Code (2012). The completion of this work allows the Company 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 the next stage BFS stage for process represents the critical path for the whole Project. As a potential producer of a high-grade iron ore project, final assessment of Moonlight's capability to operate at an industrial scale is all important.

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

Company and Project Overview (continued)

Future work will also focus on optimising the pelletising technology process undertaking activity such as temperature profiling and treatment times.

Work to date in mine planning has been based on the 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 need to be completed include:

- geotechnical drilling, mine design, mine reserve estimation based on certain cut-off estimates and economic criteria and final estimate of mining costs from an adjudicated tender process for a contract mining will be concluded;
- 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 loading / unloading facilities, wagon and locomotive requirements and port handling and storage costs and Transnet reviewing Project infrastructure needs as part of feasibility component and finalising commercial arrangements, as well as securing an area and connection at the port (Richards Bay).

Moonlight Project Concept

Recognising that adding value within the country is a strategic preference for all mining operations within South Africa, Ferrum has consistently looked to planning the Project with 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. It has since been recognised by the Company, however, that the most sustainable development concept for the Project is likely to involve mining at site and the production there of an iron ore concentrate, which would be transported by way of slurry pipeline to a manufacturing facility located at a place near a railhead. High quality iron ore pellets (which would be a mixture of direct reduction ("DR") quality pellets, which would be suitable for use in electric arc steel furnaces, and blast furnace pellets) would 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 allocation of capacity for the Company. During the 2012 financial year, the South African Government announced that significant capital would be applied in upgrading rail and port facilities that service the Waterberg Region, which is close to where the Moonlight Deposit is situated. These upgrades to rail and port in particular are strategically necessary to unlock the value of the Waterberg Region, where the country's most significant remaining coal reserves are situated. For this reason, rail, power, water and port facilities are all being upgraded as a matter of national priority.

Directors' Report (continued)

Proposed Rail Upgrades to Waterberg Coal Sources

The figure contains a map showing the planned upgrades to the rail infrastructure that is considered to be the most likely to be used for the Moonlight Project. The pelletising facility would be situated near rail at Thabazimbi, and export product would be railed to Richards Bay and shipped to customers in the Middle East and elsewhere.

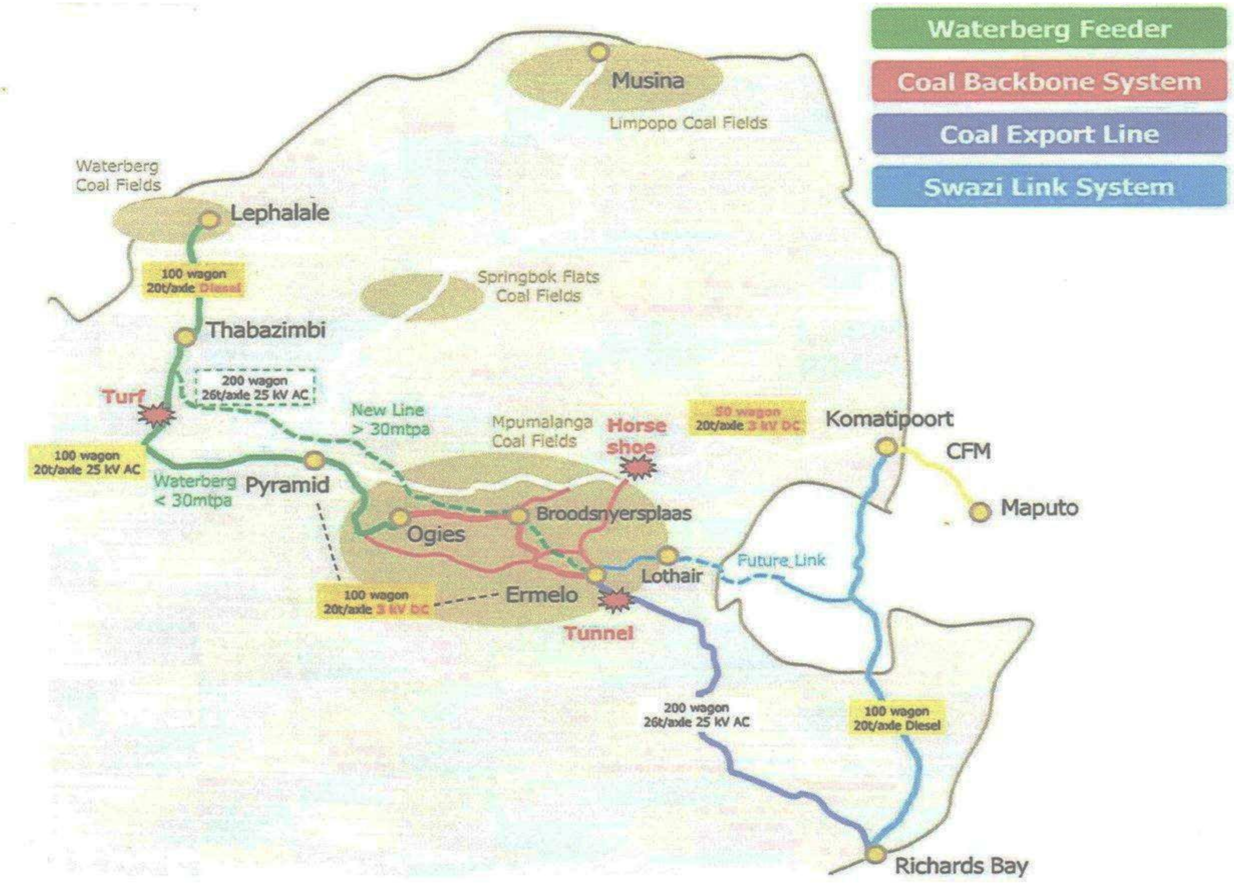


Figure showing Proposed Rail Upgrades to Waterberg Coal Sources (source: Transnet 2012)

The above figure contains a map showing the planned upgrades to the rail infrastructure that is considered to be the most likely to be used for the Moonlight Project. The pelletising facility would be situated near rail at Thabazimbi, and export product would be railed to Richards Bay and shipped to customers in the Middle East and elsewhere.

The Company in June 2011 entered into an offtake agreement with Swiss based Duferco SA, a leading private company 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 best product.

The offtake agreement with Duferco SA covers up to 6 Mpta of anticipated iron ore pellet production from Ferrum Crescent's Moonlight Project. Under the agreement, Ferrum Crescent will sell Duferco all of their production available for export (in total 4.5 Mpta) and will give Duferco a first right of refusal over an additional 1.5 Mpta per year to the extent that the product is not sold domestically, thus allowing Ferrum Crescent to follow a growth strategy at its South African projects.

Directors' Report (continued)

Environmental

EIAs are currently being prepared for the other areas of the Project including the pellet plant site and pipeline route. It should be emphasised that environmental approvals are in place for all mining activities.

Geology and Mineral Resources

The Mineral Resources are currently located entirely on the farm Moonlight 111LR, with significant potential to expand the resource base within the Project area once all current work is financed and complete.

Mineral Corporation Consultancy Pty Ltd ("The Mineral Corporation") undertook the update of the Mineral Resource estimate, which was previously stated in terms of JORC (2004). The Mineral Corporation updated all of the assumptions used in determining the previous estimate, with respect to the requirements of JORC (2012). It determined that the Mineral Resource classification criteria imposed in the previous estimate were still valid. Furthermore, the additional reporting requirements contained in JORC (2012) have been complied with in the updated Mineral Resource estimate report.

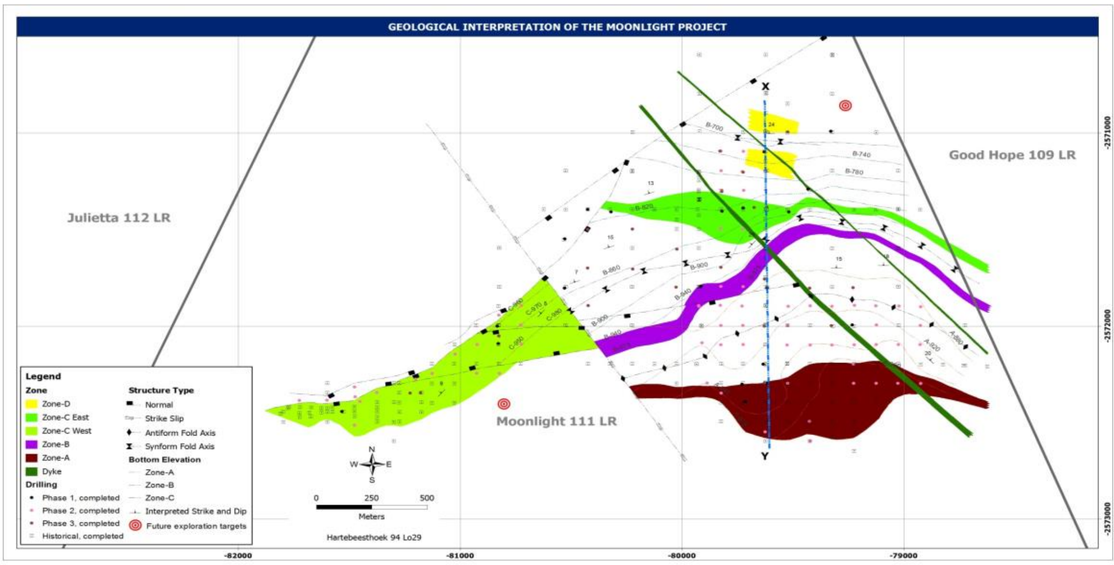


Figure of Moonlight Deposit Geological Plan

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. Drilling data from KIOL and three phases of Ferrum Crescent 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.

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 Crescent.

Directors' Report (continued)

Geology and Mineral Resources (continued)

During the Ferrum Crescent 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. The Ferrum Crescent 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 Crescent 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 in the table below and the Mineral Resource estimation criteria, as required in JORC (2012) and in Section 5.8.2 of the ASX Listing Rules, are included as an appendix to this release.

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_2 (%)**	**Al_2O_3 (%)**
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
Total	**307.7**	82.8	298.5	80.3	**26.9**	**50.3**	**4.2**

*Tonnes are rounded

Directors' Report (continued)

Geology and Mineral Resources (continued)

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

Criteria	Explanation	Observations
Section 1: Sampling techniques and Data		
Sampling techniques	Nature and quality of sampling (eg 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 KIOL 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 KIOL 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 (eg '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 (eg submarine nodules) may warrant disclosure of detailed information.	Limited information on the sampling techniques for the KIOL 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.
Drilling techniques	Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (eg. 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 KIOL 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.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Limited information on the sample recovery for the KIOL 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 KIOL database is known. Due to the generally high sample recovery, this relationship was not investigated.
Logging	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 KIOL 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 KIOL and FCL exploration, all drilling was logged.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	No information regarding sub-sampling is known for the KIOL 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 KIOL 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 KIOL 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 KIOL 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 KIOL holes.

Directors' Report (continued)

Criteria	Explanation	Observations
		For the FCL data, the protocols are considered acceptable for the style of mineralisation
	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
Quality of assay data and laboratory tests	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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie 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.
Verification of sampling and assaying	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
Location of data points	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.
Data spacing and distribution.	Data spacing for reporting of Exploration Results.	The combination of Ferrum Crescent'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.
Orientation of data in relation to geological structures	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.

Directors' Report (continued)

Criteria	Explanation	Observations
Sample security	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.
Audits or reviews	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 Crescent's drilling prior to carrying out the estimates. Phase 3 of Ferrum Crescent's exploration was carried out by The Mineral Corporation.
Section 2: Reporting of Exploration Results		
Mineral tenement and land tenure status	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.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Previous exploration by KIOL has been documented and integrated into the FCL database.
Geology.	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.
Drill hole Information	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.
	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.
Data aggregation methods.	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. 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
Relationship between mineralisation widths and intercept lengths	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 (eg. '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.
Diagrams.	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any	Plans and sections of the interpretive geological model are provided.

Directors' Report (continued)

Criteria	Explanation	Observations
	significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	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
Other substantive exploration data	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 know material exploration data, or summaries thereof, have been provided.
Further work	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.
	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
Section 3: Reporting of Mineral Resources		
Database integrity	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.
Site visits	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.
Geological interpretation	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
Dimensions	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 1400m x 250m x 35m C Zone (East) is approximately 1100m x 700m x 30m B Zone is approximately 1500m x 800m x 25m A Zone is approximately 1600m x 1200m x 17m
Estimation and modelling techniques	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 (eg sulphur for acid mine drainage characterisation).	All zones show low abundance of Mn, P and TiO_2. Abundance of base metals, such as Cu, are insignificant

(1)

Directors' Report (continued)

Criteria	Explanation	Observations
	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 and a. The block model was rotated to the average dip (12°).
	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.
Moisture	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.
Cut-off parameters	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.
Mining factors or assumptions	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.
Metallurgical factors or assumptions	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.
Environmental factors or assumptions	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.
Bulk density.	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.

Directors' Report (continued)

Criteria	Explanation	Observations
	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. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials	The density data from the FCL 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.
Classification	The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie 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). Whether the result appropriately reflects the Competent Person's view of the deposit.	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.
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates	No audits have been undertaken as yet
Discussion of relative accuracy/confidence	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.	Kriging Efficiency (KE) was used as a guide to Mineral Resource classification. Regions of blocks where KE is generally >0.5 are considered for the Measured category, while regions of blocks where KE >0.25 are considered for the Indicated category and regions with a KE<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.
	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.	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.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available	No production data is available.

The information in this statement 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 Crescent Limited.

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 in this statement of the matters based on his information in the form and context in which it appears.

Geology and Mineral Resources (continued)

Valuation

The Mineral Corporation's independent valuation of the Project placed a value to Moonlight within a range from S$24.8m to US$41.3m, with a preferred value of US$33m. The valuation of the Project used the principles and guidelines of the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code).

As Ferrum Crescent considers that it is important for shareholders and investors to read the report in its entirety, a copy of the report has been posted on the Company's website. Additionally, Ferrum Crescent has set out below highlights from the report from The Mineral Corporation.

Introduction

The scope of work determined by Ferrum Crescent required the undertaking of a Mineral Asset Valuation of the Moonlight Project using the principles and guidelines of the SAMVAL Code.

The valuation opinion contained in the report is only for the Mineral Assets of the Company, and excludes the value of any surface infrastructure established at the Moonlight Project, any movable assets which are part of the Project or the balance sheet circumstances of Ferrum Crescent. The effective date of the valuation is 30 April 2014.

All opinions, findings and conclusions expressed in the report are those of The Mineral Corporation and are based on information provided by Ferrum Crescent. These opinions, findings and conclusions can change significantly with new information. Accordingly, the opinions, findings and conclusions contained in the report may also be subject to change.
The report excludes all aspects of legal issues, commercial and financial matters, land titles, agreements, excepting where such aspects may directly influence Mineral Resources and Mineral Asset Valuation of the Moonlight Project.

It is to be noted, however, that mineral projects are inherently risky assets and therefore unknown risks and uncertainties have the potential to materially impact on the future valuations of the Mineral Assets. At this stage, The Mineral Corporation is not aware of any material risks to the Mineral Assets of the Moonlight Project that may impede further development of these assets.

Description of the Mineral Assets

The Moonlight Project is an advanced exploration project for which it is understood that a Feasibility Study is planned. The Moonlight Project comprises three adjacent properties, namely Moonlight 111 LR, Julietta 112 LR and Gouda Fontein 76 LR, which are covered by a valid Mining Right.

The latest Mineral Resource update for the Moonlight Project was compiled by The Mineral Corporation in April 2014. The Mineral Resources are stated in terms of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)), and are summarised in the table below. The Mineral Resources were reported using a cut-off grade of 16% Fe, geological losses of 5% and a depth constraint from surface to between 100m and 250m.

Directors' Report (continued)

Geology and Mineral Resources (continued)

Category	Moonlight Project (100%)		Net attributable to Ferrum Crescent (97%)		Grade		
	Tonne (Mt)	Contained Fe (Mt)	Tonne (Mt)	Contained Fe (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)
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
Total	**307.7**	**82.8**	**298.5**	**80.3**	**26.9**	**50.3**	**4.2**

The valuation opinion contained in the report has been estimated on a 100% ownership basis. Furthermore, Inferred Mineral Resources form some part of the basis for this valuation. There is a low level of geological confidence associated with the Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of additional Indicated or Measured Mineral Resources.

The Project has a well developed concept in place: Ferrum Crescent plans to mine and beneficiate at Moonlight and then pump the magnetite concentrate slurry by pipeline to a manufacturing facility near a railhead at Thabazimbi in Limpopo Province where it is planned to manufacture direct reduction and blast furnace grade pellets. It is anticipated that the exported product will be railed from Thabazimbi to the port of Richards Bay. Ferrum Crescent has an offtake agreement in place with Swiss-based Duferco SA, and it is expected that its direct reduction grade product will find a market with customers using electric arc furnaces to produce steel. It is understood that Ferrum Crescent is shortly to commence with a phased Feasibility Study on this basis.

Valuation Methodology

The SAMVAL Code requires the consideration of two different approaches to the valuation of a mineral asset. As the Project is at an advanced exploration stage, The Mineral Corporation considers that the cash flow valuation approach is not appropriate. The Mineral Corporation does consider the market approach to be appropriate for the stage of project development, and has elected to apply two methods thereof. In addition, the cost approach has also been applied and used to corroborate the market approach. Furthermore the SAMVAL Code precludes the application of certain logic in valuation, such as 'gross in-situ-value' simply determined from the product of the estimate of mineral content and commodity prices(s).

Geology and Mineral Resources (continued)

*The **Market Approach** relies on the principle of 'willing buyer – willing seller' and requires that the amount obtainable from the sale of Mineral Asset is determined as if in an arms-length transaction. The Market Approach is often applied to Exploration Properties.*

The Mineral Corporation does consider the Market Approach to be appropriate for the current stage of project development, and has elected to apply two methods thereof. These included a comparative transaction approach based on magnetite project transactions which have traded on a 'willing buyer-willing seller' basis and secondly, a comparative Enterprise Value which considers the (debt and cash adjusted) market capitalization-derived valuation of listed companies which own magnetite projects.

These two Market Approach methods derive their value from the price paid by the market for the mineral assets being valued. Exploration Properties by definition have a Mineral Resource estimate as their only asset, and as these Mineral Resource estimates vary in size, it is necessary to normalise the price paid by the market, by the size of the Mineral Resource. A Market Approach which is normalised for the size of the Mineral Resource does not therefore constitute an 'in situ valuation'.

*The **Cost Approach** relies on historical and/or future amounts spent on the Mineral Asset and is quite widely used for Exploration Properties. The Competent Valuator has applied the Cost Approach as a third method to corroborate the Market Approaches applied.*

The Market and Cost Approaches applied are the two generally accepted approaches to Mineral Asset Valuation appropriate for projects at this stage of development.

Method 1: Market approach - comparable transactions

The Mineral Corporation holds a database of transaction information from transactions involving magnetite projects or mines since 2005. The price paid per contained Fe tonne (US$/Fe-t) in each transaction has been derived. These prices have been grouped by development category, from Inferred Mineral Resources to Operations.

The Mineral Corporation estimated a transaction price for the Moonlight Project of between 0.30 and 0.90 US$/Fe-t, after normalising for the Projects' development stage, and the iron ore price.

Method 2: Market approach - Comparable Enterprise Value per tonne

The Mineral Corporation considered the value of 12 comparable listed magnetite mining and exploration companies and estimated an Enterprise Value calculated for each from publically available documents. As an advanced exploration project, Moonlight should be compared with other similar projects, rather than operations. The Mineral Corporation considers Ferrum Crescent's "peers" in this regards to have an Enterprise Value per contained Fe tonne of between 0.10 and 0.50 US$/Fe-t

Geology and Mineral Resources (continued)

Method 3: Cost approach - historical exploration cost

The Mineral Corporation estimates the total relevant historical exploration expenditure on the Project to be US$22.4m, including US$21.4m by Ferrum Crescent and an estimated US$1.0m by the previous owner's Iscor.

Valuation opinion

The Mineral Corporation's view is that the EV per contained Fe tonne method is probably more cognisant of the current market conditions for publically listed exploration companies than the comparable transactions method. On this basis, The Mineral Corporation valuation range would be between US$25m and US$41m, with a preferred valuation of US$33m, as at 30 April 2014.

The Mineral Corporation / Competent Person's Consent

This information in this statement that relates to Mineral Asset Valuation has been compiled by Stewart Nupen and the Mineral Asset Valuation is signed off according to the 2008 Edition of the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code). Mr Nupen is a Fellow of the Geological Society of South Africa, a registered Natural Professional Scientist and has the necessary qualifications, ability and relevant experience to act as a Competent Valuator. The valuation has been peer reviewed by Mr John Murphy. Both Mr Nupen and Mr Murphy are directors of The Mineral Corporation. The Mineral Corporation operates as an independent technical adviser and consultant, providing Mineral Resource evaluation, mining engineering, mineral processing and mine valuation services to the mining industry. The Mineral Corporation has received, and will receive, professional fees for its preparation of this report. However, neither The Mineral Corporation nor any of its directors or staff who contributed to this valuation has any interest in the Mineral Assets reviewed.

The information in this statement 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 Crescent Limited.

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 in this statement of the matters based on his information in the form and context in which it appears.

Directors' Report (continued)

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 included an announcement will be made on findings relating to current local skills identification, future employment terms and training needs.

Project Schedule

The following sets out the schedule and significant factors with respect thereto for Moonlight:

- Feasibility study can be completed within 18 months work-time;
- 30 to 36 month construction period expected;
- Schedule coincides with Government infrastructure development plans; and
- Completion of the feasibility is expected to cost approximately A$10 -13m.
- The Moonlight Deposit geological plan is set out in Figure 3.

Corporate

During the reporting period, the Company entered into a legally binding heads of agreement with Anvwar Asian Investment ("AAI"), an entity based in Oman, whereby AAI would purchase a 35% interest in Ferrum Iron Ore (Pty) Ltd ("FIO"), the Group Company that holds the Moonlight Iron Ore Project. After a number of term variations of this letter of intent, Ferrum entered into a new agreement with AAI in March 2014, whereby AAI would 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 the issue of FIO shares equalling 35% of the shares of that company, being partly paid, subject to the right to pay an additional US$9 million to become fully paid or to 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 the completion of the Moonlight BFS.

A second payment of US$500,000 was not received by Ferrum Crescent from AAI within the time frame scheduled under the agreement. Ferrum Crescent has informed AAI of its default AAI remains in default as at the date of this report.

During the year, Ferrum Crescent underwent a period of restructuring. On 19 February 2014, Mr Tom Revy was appointed as managing director, replacing Mr Bob Hair, who remained on the board at that stage as executive director.

Mr Revy is a mining professional with 30 years' experience specialising in operations, project development and corporate management. His appointment brings a wealth of experience in project development and planning to Ferrum Crescent as the Company progresses its bankable feasibility study ("BFS") 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$1.8B project Tenke Fungurume project in the DRC.

Directors' Report (continued)

Corporate (continued)

In April 2014, Mr Andrew Nealon was replaced by Mr Bob Hair as company secretary, who himself resigned as an executive director of the Company. It was also announced that Mr Ed Nealon moved from executive to non-executive Chairman of the Company.

Ferrum Crescent Limited
A.C.N. 097 532 137

Corporate governance statement

Introduction

This corporate governance statement is dated 30 September 2014 and has been approved by the board of Ferrum Crescent Limited (the "**Company**")

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, second edition, incorporating the 2010 amendments ("**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 reason 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[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.2	✓	
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 4.4	✓	
Recommendation 2.1		✓	Recommendation 5.1	✓	
Recommendation 2.2		✓	Recommendation 5.2	✓	
Recommendation 2.3	✓		Recommendation 6.1	✓	
Recommendation 2.4	✓		Recommendation 6.2	✓	
Recommendation 2.5	✓		Recommendation 7.1	✓	
Recommendation 2.6	✓		Recommendation 7.2	✓	
Recommendation 3.1	✓		Recommendation 7.3	✓	
Recommendation 3.2	✓		Recommendation 7.4	✓	
Recommendation 3.3		✓	Recommendation 8.1	✓	
Recommendation 3.4	✓		Recommendation 8.2	✓	
Recommendation 3.5[3]	✓		Recommendation 8.3	✓	
Recommendation 4.1	✓		Recommendation 8.4	✓	

1 Indicates where the Company has followed the Principles & Recommendations
2 Indicates where the Company has provided "if not, why not" disclosure.
3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.ferrumcrescent.com, under the section marked Corporate Governance.

Corporate governance statement (continued)

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2013 financial year ("**reporting period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

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 senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the executive officer and to assist 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 disclose the process for evaluating the performance of senior executives.

Disclosure:

The chairman, in consultation with the other Board members, is responsible for evaluating the senior executives. The performance evaluation of senior executives is undertaken by the chairman in the form of interviews.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1.*

Disclosure:

During the reporting period a performance evaluation of senior executives did occur in accordance with the above disclosed process at Recommendation 1.2.

Corporate governance statement (continued)

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The independent directors of the Board until 29 April 2014 were Mr Klaus Borowski, Mr Ted Droste and Mr Grant Button. The non-independent directors of the Board until that date were Mr Ed Nealon, Mr Robert Hair, Mr Tom Revy (from 20 February 2014) and Mr Kofi Morna. Mr Nealon on 29 April resigned as an executive of the Company and became the non-executive chairman. Mr Hair resigned as a director and that date. From 29 April 2014 until the end of the reporting period, the Company met the requirements of the recommendation.

The reason for the departure before that date was that the board structure was considered to have the best mix of corporate, technical and business expertise to oversee the development of a company with operations in South Africa. The board includes a nominee of the Group's black economic empowerment partner, Mkhombi Investments (Pty) Ltd (Mr Kofi Morna). In addition, during part of the year Mr Ed Nealon was an executive chairman and Mr Bob Hair was managing director and then executive director. Mr Tom Revy took over from Mr Hair as managing director on 19 February 2014 The number of non-independent directors (Mr Tom Revy and Mr Kofi Morna) is consequently as at the date of this report smaller than the number of independent directors (Mr Ed Nealon, Mr Grant Button, Mr Ted Droste and Mr Klaus Borowski).

Recommendation 2.2:

The Chairman should be an independent director.

Disclosure:

The role of chairman of the Company during the reporting period was held by Mr Ed Nealon (who was until 29 April 2014 executive chairman).

Explanation for departure:

Given the business and organisational structure of the Company, the Board was of the opinion that the role of chairman should be an executive position. This was changed on 29 April 2014, when Mr Nealon became non-executive chairman.

Recommendation 2.3:

The roles of the chairman and chief executive officer should not be exercised by the same individual.

Disclosure:

The roles of the chairman and chief executive officer are not exercised by the same individual.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

The Company has established a separate Nomination Committee. The Committee comprises Mr Grant Button (chairman), Mr Kofi Morna and Mr Ted Droste.

Principle 2 – Structure the board to add value (continued)

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The chairman is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

Evaluations are undertaken by way of round-table discussions and when appropriate by one to one interviews.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to Reporting on Principle 2*.

Disclosure:

Skills, experience, expertise and term of office of each director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of independent directors

The independent directors of the Company during the reporting period were Mr Klaus Borowski, Mr Ted Droste and Mr Grant Button and, for part of the period, Mr Ed Nealon. These directors were/are independent as they were/are non-executive directors who were/are not members of management and who were/are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's materiality thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter.

- Statement of financial position items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company’s rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on statement of financial position or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Corporate governance statement (continued)

Principle 2 – Structure the board to add value (continued)

Company's materiality thresholds (continued)

- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent professional advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Performance evaluation

During the reporting period the performance evaluations for the Board and individual directors did occur in accordance with the disclosed process in Recommendation 2.5. The Board did not separately evaluate the performance of the Audit Committee.

Selection and (re)appointment of directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the managing director must retire from office no later than the longer of the third annual general meeting of the company or 3 years following that director's last election or appointment. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct 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.

Corporate governance statement (continued)

Principle 3 – Promote ethical and responsible decision-making (continued)

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Company has established a Diversity Policy a copy of which is published on the Company website.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Disclosure:

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.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The table in respect of this follows:

Gender	Total	Senior Management	Board
Female	3	1	0
Male	9	4	6
% Female	25%	20%	0%

Recommendation 3.5:

Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Corporate governance statement (continued)

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee, but due to the number of directors and the make-up of the Board, the same members of the Board are members of the Audit Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not chairman of the Board
- has at least three members.

Disclosure:

The Committee meets the stipulations set out in recommendation 4.2.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

Details of each of the director's qualifications are set out in the Directors' Report.

All of the Audit Committee members consider themselves to be financially literate and have industry knowledge.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Corporate governance statement (continued)

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies 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 written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Corporate governance statement (continued)

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the Policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the Policy, the Board delegates day-to-day management of risk to the executive officer (or equivalent), who is responsible for identifying, assessing, monitoring and managing risks. The executive officer (or equivalent) is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the executive officer/managing director (or equivalent) may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. The Audit

Committee reports any issues regarding the management of material business risks that it feels should be brought to the Board's attention.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval; and
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations;

The key categories of risk of the Company, as reported on by management, include:

- cash management (including interest rate);
- financial reporting;
- ASX reporting compliance;
- project/tenement ownership retention;
- equity/security price risk
- maintain joint venture partnerships.

Corporate governance statement (continued)

Principle 7 – Recognise and manage risk (continued)

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

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 7.1. Although the system was not fully documented, management acting through the executive officer was able to form the view that management of its material business risks during the reporting period was effective. Refer to note 25 for a more detailed review of risk management.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the executive officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The executive officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.

Corporate governance statement (continued)

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

The Company throughout the financial year had a separate Remuneration Committee.

Recommendation 8.2:

The remuneration committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members

Disclosure:

The Committee meets the stipulations set out in recommendation 8.2.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and 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 8.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Board has adopted a Remuneration Committee Charter.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from continuing operations			
Revenue	3(a)	**35,844**	86,285
Other income	3(b)	**-**	326,711
		35,844	**412,996**
Administration expenses	3(c)	**(1,595,092)**	(1,592,352)
Occupancy expenses		**(58,191)**	(54,981)
Exploration expenditure		**(419,216)**	(826,983)
Profit / (loss) on re-measurement of financial liability/asset	13	**(304,660)**	608,414
Foreign exchange loss		**(29,345)**	(145,130)
Share based payments	19	**(194,938)**	(303,252)
Loss before taxation		**(2,565,598)**	**(1,901,288)**
Income tax benefit / (expense)	5	**15,816**	-
Loss for the year		**(2,549,782)**	**(1,901,288)**
Other comprehensive income			
Other comprehensive income to be recycled through profit and loss			
Net exchange gain on translation of foreign operation		**4,098**	4,738
Changes in fair value of available-for-sale financial assets, net of tax		**36,905**	25,803
Other comprehensive income for the year, net of tax		**41,003**	**30,541**
Total comprehensive loss for the year		**(2,508,779)**	**(1,870,747)**
Net loss for the year attributable to:			
Equity holders of the Parent		**(2,565,598)**	(1,901,288)
		(2,565,598)	(1,901,288)
Total comprehensive loss for the period attributable to:			
Equity holders of the Parent		**(2,508,779)**	(1,870,747)
		(2,508,779)	(1,870,747)
Loss per share		**Cents per share**	**Cents per share**
Basic loss for the year attributable to ordinary equity holders of the Parent	7	**(0.75)**	(0.60)
Diluted loss for the year attributable to ordinary equity holders of the Parent	7	**(0.75)**	(0.68)

Ferrum Crescent Limited

A.C.N. 097 532 137

Consolidated Statement of Financial Position
As at 30 June 2014

	Note	2014 $	2013 $
Assets			
Current assets			
Cash and short term deposits	8	**738,345**	548,265
Trade and other receivables	9	**34,210**	269,305
Other current financial assets	11	**240,517**	549,043
Prepayments		**54,408**	51,548
Total current assets		**1,067,480**	1,418,161
Non-current assets			
Plant and equipment	10	**46,981**	73,488
Non-current financial assets	11	**772,429**	683,074
Total non-current assets		**819,410**	756,562
Total assets		**1,886,890**	**2,174,723**
Liabilities and equity			
Current liabilities			
Trade and other payables	12	**322,582**	282,174
Loans and Borrowings	13	**515,999**	-
Provisions	14	**95,883**	27,057
Total current liabilities		**934,464**	309,231
Total liabilities		**934,464**	**309,231**
Equity/(Shareholders' Deficit)			
Contributed equity	15	**29,333,702**	28,366,383
Accumulated losses	18	**(20,504,904)**	(17,939,306)
Reserves	17	**(7,876,372)**	(8,561,585)
Equity attributable to equity holders of the Parent		**952,426**	**1,865,492**
Non-controlling Interest		-	-
Total equity		**952,426**	1,865,492
Total equity and liabilities		**1,886,890**	**2,174,723**

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

Ferrum Crescent Limited

A.C.N. 097 532 137

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Interest received		**19,918**	86,285
Income from available for sale investment		**15,926**	-
Exploration and evaluation expenditure		**(415,352)**	(823,522)
Payments to suppliers and employees		**(1,366,830)**	(1,554,133)
Net cash flows used in operating activities	23	**(1,746,338)**	**(2,291,370)**
Investing activities			
Payments for plant and equipment		**1,872**	(1,105)
Payments for purchase of available – for - sale investments		**(36,634)**	(512,974)
Net cash flows used in investing activities		**(34,762)**	**(514,079)**
Financing activities			
Proceeds from issue of shares		**1,588,459**	780,000
Settlement of minority interest obligation		**-**	(780,000)
Proceeds from receipt of initial deposit from Third Party Investor (Note 14)		**515,999**	-
Transaction costs on issue of shares		**(111,234)**	(10,687)
Net cash flows (used in) / from financing activities		**1,993,224**	**(10,687)**
Net increase/ (decrease) in cash and cash equivalents held		**212,124**	(2,816,135)
Net foreign exchange difference		**(22,044)**	24,324
Cash and cash equivalents at 1 July		**548,265**	3,340,076
Cash and cash equivalents at 30 June	8	**738,345**	**548,265**

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 2014

	Attributable to the equity holders of the Parent							
	Issued capital $	**Accumulated losses $**	**Employee share incentive reserve $**	**Option reserve $**	**Foreign exchange reserve $**	**Available for sale reserve $**	**Equity reserve $**	**Total equity $**
At 1 July 2012	26,882,823	(16,038,018)	343,785	1,404,425	125,724	-	(10,126,072)	2,592,667
Loss for the period	-	(1,901,288)	-	-	-	-	-	(1,901,288)
Other Comprehensive Income (net of tax)	-	-	-	-	4,738	25,803	-	30,541
Total comprehensive loss (net of tax)	-	(1,901,288)	-	-	4,738	25,803	-	(1,870,747)
Transactions with owners in their capacity as owners:								
Shares issued during the year net of transaction costs	769,315	-		-	-	-	-	769,315
Shares issued to KMP's under the Salary Sacrifice Scheme	204,340	-	(204,340)	-	-	-	-	-
Share based payments	-	-	374,257	-	-	-	-	374,257
At 1 July 2013	27,856,478	(17,939,306)	513,702	1,404,425	130,462	25,803	(10,126,072)	1,865,492
Loss for the period	-	(2,565,598)	-	-	-	-	-	(2,565,598)
Other Comprehensive Income (net of tax)	-	-	-	-	4,098	52,721	-	56,819
Total comprehensive loss (net of tax)	-	(2,665,598)	-	-	4,098	52,721	-	(2,508,779)
Transactions with owners in their capacity as owners:								
Shares issued during the year net of transaction costs	1,400,775	-	-	-	-	-	-	1,400,725
Options issued under Employee Option Plan	-	-	-	23,856	-	-	-	23,856
Shares issued to KMP's on the Salary Sacrifice Scheme	76,449	-	(76,449)	-	-	-	-	-
Share based payments	-	-	171,082	-	-	-	-	171,082
At 30 June 2014	**29,333,702**	**(20,504,904)**	**608,335**	**1,428,281**	**134,560**	**78,524**	**(10,126,072)**	**952,426**

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

Note 1: Corporate information

The consolidated financial statements of Ferrum Crescent Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of directors on 26 September 2013.

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).

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 the 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 noted.

(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

All new and amended Accounting Standards relevant to the operations of the Group have been adopted from 1 July 2013, including:

- AASB 119 Employee Benefits (Revised 2011)
- AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements
- AASB 11 Joint Arrangements, AASB 128 Investments in Associates and joint Ventures
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement

The nature and the impact of each new standard/amendment is described below:

AASB 119 (Revised 2011) Employee Benefits

The revised standard changes the definition of short term employee benefit. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The change in distinction between short-term and other long-term employee benefits did not have a significant impact on the Group.

(c) Adoption of new and revised standards *AASB 10 Consolidated Financial Statements*

AASB 10 establishes a single control model that applies to all entities including special purpose entities. AASB 10 replaces the parts of previously existing AASB 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. AASB 10 changes the definition of control such that an investor controls an investee when it 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. To meet the definition of control in AASB 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

AASB 10 had no impact on the consolidation of investments held by the Group.

AASB 11 Joint Arrangements
AASB 11 replaces AASB 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method.

AASB 11 had no impact on the Group as the Group has no joint arrangements.

AASB 12 Disclosure of Interests in Other Entities
AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

Additional disclosure is provided in Note 22.

AASB 13 Fair Value Measurement
AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB when fair value is required or permitted. AASB 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

Additional disclosure requirements are detailed in Note 11 to the financial statements.

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

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 2014. Relevant Standards and Interpretations are outlined in the table below.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	*Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9, IFRS 9 AASB 9, IFRS 9	*Financial Instruments*	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected	1 January 2018	1 July 2018

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

Reference	Title	Summary	Application date of standard	Application date for Group
(continued) AASB 9, IFRS 9 (continued)		credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.		

Ferrum Crescent Limited

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Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

Reference	Title	Summary	Application date of standard	Application date for Group
		d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. 1. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.		
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2014-1 Part A AASB 2014-1 Part A (continued)	AASB 2014-1 Part A – Annual Improvements 2010-2012 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted	1 July 2014	1 July 2014

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-1 Part A (continued)		by the AASB. The following items are addressed by this standard: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. ► AASB 108 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.		

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-1 Part A	AASB 2014-1 Amendments to Australian Accounting Standards Part A: Annual Improvements 2011 – 2013 Cycle	This standard sets out amendments to International Financial Reporting. Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: ► AASB 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. ► AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 July 2014
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	1 July 2014

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	Part A –Already effective Part B - periods beginning on or after 1 January 2014 Part C - reporting periods beginning on or after 1 January 2015	Part A – Already effective Part B – period beginning 1 July 2014 Part c – period beginning 1 July 2015
Amendments to IAS 16 and IAS 38	**Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)**	IAS 16 and IAS 38 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 IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic	1 January 2016	1 July 2016

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

Reference	Title	Summary	Application date of standard	Application date for Group
		benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.		
IFRS 15 (not yet adopted by AASB) IFRS 15 (continued)	Revenue from Contracts with Customers	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes: (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services 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	1 January 2017	1 July 2017

Note 2: Summary of significant accounting policies

(d) Accounting Standards and Interpretations issued but not yet effected

Reference	Title	Summary	Application date of standard	Application date for Group
		(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 Early application of this standard is permitted.		

The impact of the above standards is yet to be determined.

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 2014. 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
- 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
- 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

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 19.

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 this estimation 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 Financial 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 $2,565,598 for the year ended 30 June 2014 (2013: $1,901,288). In addition, the Group has net current assets of $133,016 (2013: 1,108,930), which includes the forward subscription agreement, as at 30 June 2014 and shareholders' equity of $952,426 (2013: $1,865,492).

The Group's forecast cash flow requirements for the 15 months ending 30 September 2015 reflects cash outflows from operating and investing activities which takes into account a combination of committed and uncommitted but currently planned expenditure. The Group's forecasts indicates that the Group will need to raise additional working capital during the quarter ending 31 December 2014 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 financial 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, implementation of strategic joint ventures or via a form of equity raising. In addition, the Directors have embarked on a strategy to reduce costs including but not limited to the deferral of directors remuneration for certain directors as approved by the board meeting of 13 September 2013.

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.

Note 2: Summary of significant accounting policies (continued)

(g) Going concern (continued)

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 (US).

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 date.

All exchange differences in the parent Company's financial report 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 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, deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Note 2: Summary of significant accounting policies (continued)

(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.

(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.

Note 2: Summary of significant accounting policies (continued)

(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 date.

Deferred income tax is provided on all temporary differences at balance 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.
- 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:

- 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.
- where the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax assets 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 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 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 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.

Note 2: Summary of significant accounting policies (continued)

(l) GST/VAT

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

- where the GST 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.

(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, 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 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 due to be 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.

Note 2: Summary of significant accounting policies (continued)

(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 Flow, 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 terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible 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.

(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.

Note 2: Summary of significant accounting policies (continued)

(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.

(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 at 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 and 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 and 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.

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)
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 on 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 though 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.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, 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 the 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. The Group did not have any held-to-maturity investments during the years ended 30 June 2013 and 2014.

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 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 the 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.

Note 2: Summary of significant accounting policies (continued)

(t) Financial Instruments – Initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Available-for-sale financial investments (continued)
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.

(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.

Note 2: Summary of significant accounting policies (continued)

(t) Financial Instruments – Initial recognition and subsequent measurement (continued)

(ii) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)
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.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

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.

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

Note 2: Summary of significant accounting policies (continued)

(t) Financial Instruments – Initial recognition and subsequent measurement (continued)

(iii) Financial liabilities

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 at 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 criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

During 2011 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 liability.

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
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

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
- 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) 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 19.

In valuing equity-settled transactions, no account is taken to 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).

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 acquire. 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 condition 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 the 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 on 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 term, 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 cognised 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 borrowing.

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.

Note 2: Summary of significant accounting policies (continued)

(z) Government grants

Grants from the government including, Australian Research and Development Tax Incentives, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions. Government grants related to depreciable assets are recognised by reducing the carrying amount of the asset. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Note 3: Revenue and expenses

Revenue and Expenses from Continuing Operations

	Note	2014 $	2013 $
(a) Revenue			
Finance revenue:			
Interest received		**35,844**	86,285
(b) Other income			
R&D Government grant income		-	326,711
Other income		-	-
		-	362,711
(c) profit and loss			
Other expenses include the following:			
Depreciation		**23,058**	29,394
Gain on disposal of plant and equipment		**180**	15
Consulting services		**221,719**	599,211
Employment related			
- Directors fees^		**327,471**	120,000
- Wages		**228,230**	224,552
- Superannuation		**17,258**	5,778
Share Based Payments		**194,938**	303,252
Corporate		**256,851**	240,725
Travel		**122,130**	128,279
Other		**398,195**	244,398
FX Differences		**29,345**	145,130
		1,595,092	1,592,352

^ Shares based payments set out in the statement of comprehensive income

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.

Note 4: Segment information (continued)

Geographic Information:	Note	Australia 2014 $	Australia 2013 $	South Africa 2014 $	South Africa 2013 $	Consolidation 2014 $	Consolidation 2013 $
Revenue from external customers		**24,902**	52,559	**10,942**	33,726	**35,844**	86,285
Non - current assets	11,12	**443**	674	**818,967**	755,888	**819,410**	756,562

Note 5: Income tax expense

	2014 $	2013 $
Reconciliation of income tax expense/(income) to the pre-tax net loss		
Loss before income tax	**2,565,598**	1,901,288
Income tax calculated at 30% on loss before income tax	**(769,679)**	(570,386)
Add tax effect of: non-deductible expenses	**193,351**	104,949
Difference in tax rate of subsidiaries operating in other jurisdictions	**65,476**	-
Unused tax losses and temporary differences not brought to account	**510,852**	465,437
Income tax expense/(income)	**-**	-

Analysis of deferred tax balances	**2014**	**2013**
Deferred tax liabilities	**$**	**$**
Assessable temporary differences		
Prepayments	**(10,111)**	(3,752)
Financial asset	**-**	(153,911)
Deferred tax liabilities offset by deferred tax assets	**(10,111)**	157,663
Net deferred tax liabilities	**-**	-
Deferred tax assets		
Share issue expenses	**251,511**	251,511
Legal expense amortised	**4,859**	4,859
Payables and provisions	**-**	413
Financial liability	**-**	-
Unused tax losses	**3,345,413**	2,824,804
	3,601,783	3,081,587
Total unrecognised deferred tax assets	**(3,591,672)**	(2,923,264)
Deferred tax assets	**10,111**	157,663
Deferred tax assets offset by deferred tax liabilities	**(10,111)**	(157,663)
Net deferred tax assets	**-**	-

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

Note 6: Auditor's remuneration

	2014	2013
	$	$
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial report		
Ernst & Young Australia	**34,505**	32,500
Ernst & Young South Africa	**25,800**	27,000
Lancaster Mauritius	**3,348**	-
	63,653	59,500
-other assurance related services		
Ernst & Young Australia	**-**	-
	63,653	59,500

Note 7: Earnings per share

	2014	2013
	$	$
Basic loss per share (cents per share)	**(0.75)**	(0.60)
Diluted loss per share (cents per share)	**(0.75)**	(0.68)
Net loss	**(2,565,598)**	(1,901,288)
Loss used in calculating basic earnings / (loss) per share	**(2,565,598)**	(1,901,288)
Adjustments to basic profit / (loss) used to calculate dilutive earnings /(loss) per share	**-**	(608,414)
Profit / (loss) used in calculating dilutive earnings / (loss) per share	**(2,260,938)**	(2,509,072)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per share	**343,268,696**	315,876,561
Adjustments to weighted average number of ordinary shares used in the calculation of diluted earnings / (loss) per share– Forward Subscription Agreement	**-**	51,303,500
Weighted average number of ordinary shares used in the calculation of diluted (loss)/earnings per share	**377,211,983**	367,180,061

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.

Potential dilutive shares not included in dilutive earnings per share was 45,414,980 (2013:17,309,768)

Note 8: Cash and cash equivalents

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

	2014	2013
	$	$
Cash at bank	**738,345**	548,265

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 9: Trade and other receivables

	2014	2013
	$	$
Current		
Sundry debtors	**-**	176,345
GST / VAT	**34,210**	92,960
	34,210	269,305

Non-trade debtors are non-interest bearing and are generally on 30-90 days 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
	$	$	$	$
Year ended 30 June 2013				
Opening net carrying value	34,326	57,487	18,512	110,325
Additions	2,041	-	-	2,041
Disposals	(392)	-	-	(392)
Depreciation charge for the year	(13,656)	(14,837)	(901)	(29,394)
Exchange differences	(2,734)	(4,776)	(1,582)	(9,092)
Closing net carrying amount	19,585	37,874	16,029	73,488
At 30 June 2013				
Cost	51,881	73,348	17,810	143,039
Accumulated depreciation	(32,296)	(35,474)	(1,781)	(69,551)
Net carrying value	19,585	37,874	16,029	73,488
Year ended 30 June 2014				
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	**11,957**	**21,195**	**13,829**	**46,981**
At 30 June 2014				
Cost	45,996	67,003	16,269	129,268
Accumulated depreciation	(34,039)	(45,808)	(2,440)	(82,288)
Net carrying value	**11,957**	**21,195**	**13,829**	**46,981**

Note 11: Other financial assets

	2014 $	2013 $
Current assets		
Rental and Other Deposits	**5,522**	6,868
Rehabilitation Trust	**26,620**	29,140
Financial asset at fair value through profit and loss – forward subscription agreement (refer to note (a) below)	**208,375**	513,035
	240,517	549,043
Non- current assets		
Available for sale investments (at fair value) (refer to note (b) below)	**772,429**	683,074
	772,429	683,074

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 Iron 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 the 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 of 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 as paying 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 of the conditions precedent set out in the Subscription Agreement, as defined below);

(d) MI would issue shares and / or FSA will transfer some of its shares in MI so 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 to 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 previous financial year.

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.

Note 11: Other financial assets (continued)

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

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 raises 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 2015.

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 obtained on 8 August 2012. All the conditions precedent to the Subscription Agreement have been met.

Kofi Morna, is a Director of the Company, and a director of MA. He became a Director of the Company on 15 October 2010 for the purposes of the above transaction. 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 wholly owned subsidiary, 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 for ZAR7.5 million which is the "second subscription". The above financial liability, measured at fair value through profit and loss, represents the fair value of this contractual arrangement as at 30 June 2014.

The forward subscription agreement valuation is sensitive to the movement in Ferrum Crescent Limited's share price (30 June 2014: AUD0.016; 30 June 2013: AUD0.014) and the RAND / AUD exchange rate (30 June 2014: AUD10.4058; 30 June 2013: AUD9.5057), accordingly the large changes in these market rates has seen a corresponding impact on the fair value movement at 30 June 2014.

Note 11: Other financial assets (continued)

Note (b) - Available for sale investments

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

This portfolio has 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 automatically continues in periods of 5 years. After automatic continuation the investment will qualify for a loyalty bonus at the end of each 5 year period. The investment is levied with allocation and management fees on a monthly basis.

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

On 16th 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.

R4,000,000 (approx. AUD432,144 at the then prevailing AUD: ZAR exchange rate of 9.25618) was accessed on 25 September 2013. The session still stands and SGIGA gave written approval for this, on condition that the Group continued to make its monthly contributions. On 1 April 2014 the annual increases were cancelled and the monthly contribution was capped at R500,000 (approx. AUD48,050 at the yearend prevailing AUD:ZAR exchange rate of 10.4058).

The fair value of the available for sale investment is based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 2).

Note 12: Trade and other payables

	2014 $	2013 $
Current		
Trade payables and other payables (i)	**322,582**	282,174
Minority interest obligation (ii)	**-**	-
	322,582	282,174

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

Note 13: Loans and borrowings

	2014 $	2013 $
Current		
Anvwar Asian Investments	**515,999**	-
	515,999	-

During the reporting period, the Company entered into a legally binding heads of agreement with Anvwar Asian Investment ("AAI"), an entity based in Oman, whereby AAI would purchase a 35% interest in Ferrum Iron Ore (Pty) Ltd ("FIO"), the Group Company that holds the Moonlight Iron Ore Project. After a number of term variations of this letter of intent, Ferrum entered into a new agreement with AAI in March 2014, whereby AAI would 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 the issue of FIO shares equalling 35% of the shares of that company, being partly paid, subject to the right to pay an additional US$9 million to become fully paid or to 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 the completion of the Moonlight BFS.

A second payment of US$500,000 was not received by Ferrum Crescent from AAI within the time frame scheduled under the agreement. Ferrum Crescent has 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 has been recorded as a current liability.

Note 14: Provisions

	2014 $	2013 $
Employee benefits	**95,883**	27,057

Note 15: Contributed Equity

		2014 No. of shares	2013 No. of shares	2014 $	2013 $
(a)	**Share Capital** **Ordinary Shares**				
paid	Ordinary shares fully	**380,602,777**	328,201,385	**29,843,607**	28,366,383
	Employee share plan shares	**(6,595,000)**	(6,595,000)	**(509,905)**	(509,905)
		374,007,777	321,606,385	**29,333,702**	27,856,478

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.

Note 15: Contributed Equity (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	$
30 June 2012	**Opening Balance**	**298,691,705**	**27,392,728**
28 November 2012	First tranche of BEE transaction	25,281,620	780,000
14 December 2012	Salary sacrifice share scheme issue	4,078,060	204,340
	Costs associated with share issues	-	(10,685)
30 June 2013	**Closing Balance**	**328,201,385**	**28,366,383**
08 October 2013	1st 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	2nd Tranche private placing	3,386,844	106,686
	Costs associated with share issues		(111,235)
30 June 2014	**Closing Balance**	**380,602,777**	**29,843,607**
Employee share plan shares on issue		(6,595,000)	(509,905)
		374,007,777	**29,333,702**

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

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

Date	Details	Number of shares	$
30 June 2012	Opening balance	6,595,000	(509,905)
	Issued during 2013	-	-
30 June 2013	**Closing balance**	**6,595,000**	**(509,905)**
	Issued during 2014	-	-
30 June 2014	**Closing balance**	**6,595,000**	**(509,905)**

No employee share plan shares were issued in the current financial year (2013: 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 19.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 16: Listed Options

	2014 No of Options	2013 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**	21,496,727
- 07 December 2013 Options exercisable at 10 cents per share	**-**	2,350,000
- 14 December 2015 Options exercisable at 10 cents per share	**400,000**	400,000
- 21 November 2016 Options exercisable at 03 cents per share	**500,000**	-
- 10 February 2017 Options exercisable at 08 cents per share	**2,500,000**	-
	24,896,727	24,246,727
Movements in 31 December 2013 Options		
Beginning of the financial year	**21,496,727**	21,496,727
Options issued during the year	**-**	-
Options cancelled during the year	**-**	-
End of the financial year	**21,496,727**	21,496,727
Movements in 7 December 2013 Options		
Beginning of the financial year	**2,350,000**	2,950,000
Options issued during the year	**-**	-
Options cancelled during the year	**(2,350,000)**	(600,000)
End of the financial year	**-**	2,350,000
Movements in 14 December 2015 Options		
Beginning of the financial year	**-**	-
Options issued during the year	**400,000**	400,000
Options cancelled during the year	**-**	-
End of the financial year	**400,000**	400,000
Movements in 21 November 2016 Options		
Beginning of the financial year	**-**	-
Options issued during the year	**500,000**	-
Options cancelled during the year	**-**	-
End of the financial year	**500,000**	-
Movements in 19 February 2017 Options		
Beginning of the financial year	**-**	-
Options issued during the year	**2,500,000**	-
Options cancelled during the year	**-**	-
End of the financial year	**2,500,000**	-

Note 17: Reserves

	Employee share incentive reserve	Option reserve	Foreign exchange reserve	Equity reserve	Available for sale reserve	Total
	$	$	$	$	$	$
At 1 July 2012	343,785	1,404,425	125,724	(10,126,072)	-	(8,252,138)
Currency translation differences	-	-	4,738	-	-	4,738
Shares issued to KMP's on the Salary Sacrifice Scheme	(204,340)	-	-	-	-	(204,340)
Growth in investment portfolio	-	-	-	-	25,803	25,803
Share based payments^	374,257	-	-	-	-	374,257
At 30 June 2013	**513,702**	**1,404,425**	**130,462**	**(10,126,072)**	**25,803**	**(8,051,680)**
Currency translation differences	-	-	4,098	-	-	4,098
Options issued	-	23,856	-	-	-	23,856
Shares issued to KMP's on the Salary Sacrifice Scheme	(76,499)	-	-	-	-	(76,499)
Growth in investment portfolio	-	-	-	-	52,721	52,721
Share based payments^	171,082	-	-	-	-	171,082
At 30 June 2014	**608,335**	**1,465,393**	**134,560**	**(10,126,072)**	**78,524**	**(7,876,372)**

^This amount includes remuneration to KMP's and Director's 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.

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 18: Accumulated losses

	2014 $	2013 $
Accumulated losses at the beginning of the financial year	**(17,939,306)**	(16,038,018)
Net loss for the year	**(2,565,598)**	(1,901,288)
Accumulated losses at the end of the financial year	**(20,504,904)**	(17,939,306)

Note 19: 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:

	2014 $	2013 $
Options issued in consideration for services (i)	**23,856**	4,644
Amounts expensed for shares issued under the Company's Executive Share Incentive Plan (ii)	**-**	7,427
Shares based payment salary sacrifice scheme (iii)	**171,082**	291,181
	194,938	303,252

Included in the share based payment salary sacrifice scheme for 2014 is AUD$ 99,633 (2013: AUD$122,846 that was waived by the directors concerned subsequent to balance 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 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.

a) The table below summarises the model inputs (post consolidation) for options granted during the period year ended 30 June 2013:

Options granted for no consideration	400,000
Exercise price (AUD cents)	10.00
Issue date	14 December 2012
Expiry date	14 December 2015
Underlying security spot price at grant date (AUD cents)	0.30
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	2.81%
binomial model valuation per option (AUD cents per share)	1.16

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 19: Share Based Payments (continued)

b) The tables below summarise the model inputs (post consolidation) for options granted during the period 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

Movements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	2014 Number	**2014 WAEP**	**2013 Number**	**2013 WAEP**
Outstanding at 1 July	2,750,000	25.72	2,350,000	19.80
Issued during the year	3,000,000	7.16	400,000	10.00
Cancelled during the year	(2,350,000)	19.80	-	
Outstanding at 30 June	3,400,000	3.46	2,750,000	25.72
Exercisable at 30 June	400,000	10.00	2,350,000	19.80

(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.

During the 2013 and 2014 reporting period no shares were issued under the ESIP:

Note 19: Share Based Payments (continued)

If any time during the exercise period an employee ceases to be the employee, all options held by that employee vest immediately and will lapse one month after the 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

	2014 Number	2013 Number
Outstanding at 1 July	6,595,000	6,595,000
Issued during the year	-	-
Cancelled during the year	(240,000)	
Outstanding at 30 June	6,355,000	6,595,000

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 2013 and 2014 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.

Note 19: Share Based Payments (continued)

(iii) Shares issued under the Salary Sacrifice Scheme

Shares issued under the Salary Sacrifice Scheme		Number of Shares					
	Value $	E Nealon	RW Hair	A Nealon	G Button	KS Huntly	Total
Unexercised rights 1 July 2012		**427 335**	**1 089 705**	**-**	**-**	**-**	**1 517 040**
Rights issued - Jul 2012	$0.070	95 238	242 857	-	-	-	**338 095**
Rights issued - Aug 2012	$0.000	-	-	-	-	-	**-**
Rights issued - Sept 2012	$0.050	133 333	340 000	100 000	-	-	**573 333**
Rights issued - Oct 2012	$0.040	161 404	411 579	121 053	-	-	**694 036**
Rights issued - Nov 2012	$0.030	222 222	566 667	166 667	-	-	**955 556**
Rights issued - Dec 2012	$0.028	241 546	615 942	181 159	-	-	**1 038 647**
Rights issued - Jan 2013	$0.043	155 763	397 196	116 822	-	-	**669 781**
Rights issued - Feb 2013	$0.022	308 642	787 037	231 481	75 745	-	**1 402 905**
Rights issued - Mar 2013	$0.017	383 142	977 011	287 356	94 029	-	**1 741 538**
Rights issued - Apr 2013	$0.016	416 667	-	312 500	102 256	-	**831 423**
Rights issued - May 2013	$0.010	666 667	-	500 000	163 610	-	**1 330 277**
Rights issued - Jun 2013	$0.014	476 190	-	357 143	116 864	-	**950 197**
Total rights issued		**3 688 149**	**5 427 994**	**2 374 181**	**552 504**	**-**	**12 042 828**
Exercised		**(1 039 532)**	**(2 650 808)**	**(387 720)**	**-**	**-**	**(4 078 060)**
Unexercised rights at 30 June 2013		**2 648 617**	**2 777 186**	**1 986 461**	**552 504**	**-**	**7 964 768**
Unexercised rights 1 July 2013		**2 648 617**	**2 777 186**	**1 986 461**	**552 504**	**-**	**7 964 768**
Rights issued - Jul 2013	$0.012	555 556	-	416 667	136 342	459 935	**1 568 500**
Rights issued - Aug 2013	$0.013	512 821	-	384 615	125 854	424 555	**1 447 845**
Rights issued - Sept 2013	$0.041	161 812	-	121 359	39 711	133 962	**456 844**
Rights issued - Oct 2013	$0.022	300 300	-	225 225	73 698	248 613	**847 836**
Rights issued - Nov 2013	$0.035	188 324	-	141 243	46 218	-	**375 785**
Rights issued - Dec 2013	$0.032	208 333	-	156 250	51 128	-	**415 711**
Rights issued - Jan 2014	$0.037	179 211	-	134 409	43 981	-	**357 601**
Rights issued - Feb 2014	$0.042	160 256	-	120 192	39 329	-	**319 777**
Rights issued - Mar 2014	$0.022	303 030	-	227 273	74 368	-	**604 671**
Rights issued - Apr 2014	$0.020	330 033	-	247 525	80 995	-	**658 553**
Rights issued - May 2014	$0.016	450 450	-	-	110 547	-	**560 997**
Rights issued - Jun 2014	$0.016	406 504	-	-	99 762	-	**506 266**
Total rights issued		**6 405 247**	**2 777 186**	**4 161 219**	**1 474 437**	**1 267 065**	**16 085 154**
Waived by directors in September 2013		**(2 648 617)**	**(2 777 186)**		**(552 504)**		**(5 978 307)**
Exercised		**-**	**-**	**(3 134 327)**	**-**	**(1 267 065)**	**(4 401 392)**
Unexercised rights at 30 June 2014		**3 756 630**	**-**	**1 026 892**	**921 933**	**-**	**5 705 455**

	30 June 2014						30 June 2013				
	# of share rights brought forward	# of Share Rights Issued	Shares Waived	# of Share rights Exercised	# of Rights Outstanding	Total Value of Share Rights $	# of share rights brought forward	# of Share Rights Issued	# of Share rights Exercised	# of Rights Outstanding	Total Value of Share Rights $
E Nealon	2 648 617	3 756 630	(2 648 617)	0	3 756 630	80 000	427 335	3 260 814	(1 039 532)	2 648 617	46 667
RW Hair	2 777 186	0	(2 777 186)	0	0	0	1 089 705	4 338 289	(2 650 808)	2 777 186	68 000
A Nealon	1 986 461	2 174 758	0	(3 134 327)	1 026 892	30 000	0	2 374 181	(387 720)	1 986 461	35 000
G Button	552 504	921 933	(552 504)	0	921 933	19 633	0	552 504	0	552 504	8 181
S Huntly	0	1 267 065	0	(1 267 065)	0	0	0	0	0	0	0
Total	**7 964 768**	**8 120 386**	**(5 978 307)**	**(4 401 392)**	**5 705 455**	**129 633**	**1 517 040**	**10 525 788**	**(4 078 060)**	**7 964 768**	**157 847**

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 20: Commitments

(ii) At this stage the Company has no minimum obligations with respect to tenements expenditure requirements.
(iii) Operating lease commitments are as follows:

	2014	2013
	$	$
Within 1 year	**20,978**	31,170
2 to 3 years	**-**	24,753
Total	**20,978**	55,923

The Company disposed of its Australian tenements during 2011 and whilst the Company still holds tenements in South Africa, expenditure commitments in relation to these tenements have been met. The Company has converted their South African prospecting rights into mining rights and applied for new prospecting rights over adjacent land. The Company is subject to new commitments in relation to mining and prospecting expenditure.

A subsidiary of the Group entered into a 36 month commercial office lease on 01 April 2012, with an 8% annual escalation, 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. The current lease reaches the end of its term on 31 March 2014, and has a renewal period for a further 3 years commencing 01 April 2015.

Note 21: Contingent liabilities

There are no contingent liabilities as at 30 June 2014 (2013: Nil).

Note 22: Related party transactions

Compensation of Key Management Personnel

	2014	2013
	$	$
Short-term employee benefits	**838,335**	982,115
Post-employment benefits	**14,287**	3,303
Share based payments	**194,937**	295,825
Termination benefits	**2,715**	103,919
	1,050,274	1,385,162

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 22: 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 2014	2013
Ferrum Metals Pty Ltd	Australia	**100**	100
Batavia Ltd	Mauritius	**100**	100
Ferrum South Africa (Pty) Ltd,	South Africa	**100**	100
Ferrum Iron Ore (Pty) Ltd,	South Africa	**97.14**	97.14
Mkhombi Investments (Pty) Ltd	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.

Loans to / (from) related parties

The following transactions were undertaken between the Company, executive officers and director-related entities during 2013 and 2014

	2014 $	2013 $
Consulting secretarial fees were paid or accrued to Athlone International Consultants Pty Ltd, a company with which Andrew Nealon is associated	**50,007**	60,000
Consulting fees were paid or accrued to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder (1)	**151,000**	264,000
Consulting fees were paid to T.C Droste Investments Pty Ltd, a company of which Ted Droste is a director and shareholder	**34,313**	94,500

(2) AUD 68,000 of the 2013 fees was to be settled in shares on the 13th September 2013 these fees were waived at the Group's Board meeting.

Kofi Morna, a Director of the Company, is also a director and shareholder of Mkhombi AmaMato (Pty) Ltd, who, prior to entering into the BEE subscription agreement had a majority interest in Mkhombi Investments (Pty) Ltd. Upon completion of the subscription agreement detailed in the review of operations section and Note 12 above, Mkhombi AmaMato will directly own 15.6% or approximately 55,208,419 shares in the Company.

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For the year ended 30 June 2014

Note 23: Cash flow information

	2014	2013
	$	$
Reconciliation of cash flow from operations with (loss) / profit from ordinary activities after income tax		
Profit / (loss) from ordinary activities after income tax	**(2,565,598)**	(1,901,288)
Impairment of available for sale investments	**-**	-
Depreciation	**23,058**	15,286
Loss / (profit) on sale of plant and equipment	**180**	15
Profit on sale of available for sale financial assets	**-**	-
Loss / (profit) on remeasurement of financial liability	**304,660**	(608,414)
Share based payment compensation	**23,856**	303,252
Net exchange differences	**122,173**	(9,214)
Changes in assets and liabilities		
(Increase)/ decrease in receivables	**235,095**	(140,831)
(Increase) / decrease in other operating assets	**1,006**	110,496
Increase / (decrease) in payables and provisions	**109,233**	(60,672)
Cash flows from operations	**(1,746,337)**	(2,291,370)

Note 24: 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% Profit	-10% Equity	+10% Profit	+10% Equity
	%	$	$	$	$	$	$	$	$
2014									
Financial Assets									
Cash	**0.08%**	**524,227**	**425**	**213,693**	**738,346**	**(3,584)**	**-**	**3,584**	**-**
Trust deposits	**0.00%**	**961**	**-**	**31,181**	**323,142**	**-**	**-**	**-**	**-**
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**	**-**	**-**	**-**	**-**
Total Financial Assets		**1,297,617**	**425**	**287,661**	**1,585,704**				
Financial Liabilities									
Trade and other payables		**-**	**-**	**838,581**	**838,581**	-	-	-	-
Financial liability(*)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Financial Liabilities		**-**	**-**	**838,581**	**838,581**				

(*)re-classified to equity in 2013

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	-10% Profit	-10% Equity	+10% Profit	+10% Equity
2013									
Financial Assets									
Cash	**2.36%**	142,956	244,480	160,829	548,265	(9,143)	-	9,143	-
Trust deposits	**0.00%**	1,052	-	34,956	36,008	-	-	-	-
Receivables	**0.00%**	-	-	269,305	269,305	(781)	-	781	-
Investments	**0.00%**	683,074	-	-	683,074	-	-	-	-
Financial asset	**0.00%**	-	-	513,035	513,035				
Total Financial Assets		**827,082**	**244,480**	**978,125**	**2,049,687**				
Financial Liabilities									
Trade and other payables		-	-	282,174	282,174	-	-	-	-
Financial liability(*)		-	-	-	-	-	-	-	-
Total Financial Liabilities		**-**	**-**	**282,174**	**282,174**				

Note 24: 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 2013 from around 2.85% to 2.57% representing a 28 basis point downwards shift (19.60 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 $
2014						
Financial liabilities:						
Non-interest bearing	**-**	**(838,581)**	**-**	**-**	**-**	**(838,581)**
	-	**(838,581)**	**-**	**-**	**-**	**(838,581)**
2013						
Financial liabilities:						
Non-interest bearing	-	(282,174)	-	-	-	(282,174)
	-	**(282,174)**	**-**	**-**	**-**	**(282,174)**

(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, financing activities including deposits with banks. 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.

Note 24: Financial risk management objectives and policies (continued)

(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 forward subscription agreement obligation the sensitivity for which is disclosed in section (e) below:

	Liabilities		Assets	
	2014	2013	**2014**	2013
	$	$	**$**	$
Great British Pounds (GBP)	**-**	-	**329,323**	1,322
United States dollars (US)	**3,055**	3,160	**-**	-

Foreign currency sensitivity analysis

The Group is exposed to Great British Pound (GBP), United States (US) 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 US 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.

		2014		2013	
		Profit / (loss)	**Equity increase / (decrease)**	Profit / (loss)	Equity increase / (decrease)
		$	**$**	$	$
AUD strengthens	- ZAR	**(20,078)**	**20,078**	(87,531)	87,531
10%	- GBP	**(32,932)**	**32,932**	(143)	143
	- US	**305**	**(305)**	351	(351)
AUD weakens	- ZAR	**20,078**	**(20,078)**	87,531	(87,531)
10%	- GBP	**32,932**	**(32,932)**	143	(143)
	- US	**(305)**	**305**	(351)	351

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.

	2014		2013	
	Profit / (loss)	**Equity increase / (decrease)**	Profit / (loss)	Equity increase / (decrease)
	$	**$**	$	$
+ 10%	**(65,523)**	**65,523**	(71,727)	71,727
- 10%	**65,523**	**(65,523)**	71,727	(71,727)

Note 24: Financial risk management objectives and policies (continued)

(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 measure 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 the 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 2014 AUD	**Jun 2013 AUD**
Level 2		
Available for sale financial assets	772,429	683,074
Financial (liability)/asset at fair value through profit and loss – forward subscription agreement	208,375	513,035

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). This valuation techniques use both observable and unobservable market inputs.

(f) Equity Price Risk

The Group entered into a forward subscription agreement, details of which are provided in Note 12. This agreement requires the Company to issue a variable number of shares in exchange for ZAR 15 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 (2014: $208,375 (asset);2013: $513,035 (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.

	2014		2013	
	Profit / (loss)	**Equity increase / (decrease)**	Profit / (loss)	Equity increase / (decrease)
	$	**$**	$	$
+ 10%	**(32,023)**	**32,023**	(27,596)	27,596
- 10%	**32,023**	**(32,023)**	27,596	(27,596)

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2014

Note 25: Parent Entity Information

	2014 **$**	2013 $
Current assets	**726,493**	505,417
Total assets	**1,499,367**	1,189,165
Current liabilities	**83,421**	292,617
Total liabilities	**83,421**	292,617
Issued capital	**29,333,702**	27,856,478
Retained earnings	**(28,236,325)**	(26,920,514)
Reserves	**4,239,108**	2,196,146
Total shareholders’ equity	**1,415,946**	896,548
Profit / (loss) of the parent entity	**(1,828,845)**	2,928,525
Total comprehensive (loss) / income	**(1,828,845)**	2,928,525

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 has 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 financial 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 2014 (2013: Nil)

Note 26: Subsequent events

There are no subsequent events to report.

Ferrum Crescent Limited
A.C.N. 097 532 137
Directors Declaration

In the opinion of the directors of Ferrum Crescent Limited :

(a) the financial statements and notes set out on pages 51 to 101 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 2014 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 2014.

This declaration is made in accordance with a resolution of the directors.

G. Button

G Button
Financial Director
Perth
30 September 2014

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report 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 2014, the consolidated statement of 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 1, 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 2014 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 1.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the 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 within the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
Perth
30 September 2014

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2014, 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

Ernst & Young

Fiona Drummond
Partner
30 September 2014

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 2014 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)

1-1,000	36
1,001-5,000	56
5,001-10,000	80
10,001-100,000	240
100,001 - and over	223
Total holders of ordinary shares	632
Total number of ordinary shares	380,602,777

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	4
Total holders of options	4
Total number of options	3,400,000

Table 2
Top twenty shareholders

Shareholder	***Number of shares***	***Percentage***
Barclayshare Nominees Limited	59,741,370	15.70%
Rathbone Nominees Limited	27,198,423	7.15%
Mkhombi Amamato (Proprietary) Ltd	25,281,620	6.64%
Citicorp Nominees Pty Limited	11,918,834	3.13%
TD Direct Investing Nominees (Europe) Limited <SMKTNOMS>	10,228,215	2.69%
National Nominees Limited	9,032,715	2.37%
HSDL Nominees Limited	7,844,644	2.06%
Brewin Nominees (Channel Islands) Limited <JPAL>	7,425,000	1.95%
Hargreaves Lansdown (Nominees) Limited <HLNOM>	6,834,307	1.80%
Roy Nominees Limited <441960>	5,406,075	1.42%
Padstock Limited	4,809,763	1.26%
Hargreaves Lansdown (Nominees) Limited <15942>	4,782,173	1.26%
HSBC Client Holdings Nominee (UK) Limited <731504>	4,674,332	1.23%
Beaufort Nominees Limited <SSLNOMS>	4,386,513	1.15%
Apollinax Inc	4,378,143	1.15%
Mr Kevin Scott Huntly	4,223,087	1.11%
L R Nominees Limited <NOMINEE>	3,566,856	0.94%
Athlone International Consultants Pty Ltd	3,522,047	0.93%
Pershing Nominees Limited <ABCLT>	3,250,757	0.85%
Hanover Nominees Limited <HAYC2>	3,250,000	0.85%

ASX Requirements (continued)

Table 3
Substantial shareholders

Shareholder	*Number of shares*	*Percentage*
1. Barclayshare Nominees Ltd	59,741,370	15.70%
2. Rathbone Nominees Limited	27,198,423	7.15%
3. Mkhombi Amamato (Proprietary) Ltd	18,428,390	6.64%

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 2014:

Project	Tenement Number	Tenement Status	Holder	Percentage Interest
Moonlight	30/5/1/2/2/201 MR	Mining Right Granted	Ferrum Iron Ore (Pty) Ltd	81.4%
Moonlight	LP30/6/1/1/2/11868PR	Prospecting Application	Ferrum Iron Ore (Pty) Ltd	81.4%

JSE Limited Requirements

Headline earnings reconciliation	2014 $	2013 $
Profit / (loss) attributable to ordinary equity holders of the parent entity	(2,549,782)	(1,901,288)
Add back IAS 16 loss on the disposal of plant and equipment	180	15
Headline earnings/(loss)	**(2,549,782)**	**(1,901,273)**
Basic profit / (loss) per share	(2,549,782)	(1,901,288)
Weighted average shares in issue	343,268,696	315,876,561
Basic profit / (loss) per share (cents)	**(0.75)**	(0.60)
Headline profit / (loss)	(2,549,602)	(1,901,273)
Weighted average shares in issue	343,268,696	315,876,561
Headline profit / (loss) per share (cents)	**(0.75)**	(0.68)