

Ferrum Crescent Limited
(Formerly Washington Resources Limited)
ACN 097 532 137

Interim report
For the period
1 March 2009 to 31 December 2009

Ferrum Crescent Limited
ACN 097 532 137

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Ferrum Crescent Limited

ACN 097 532 137

Directors' report

Your directors present their report on Ferrum Crescent Limited (“**Ferrum**” or “**the Company**”) for the period 1 March 2009 to 31 December 2009.

Directors

The following persons were directors of the Company during the period and up to the date of this report:

Melissa Sturgess and Mark Burchnall were directors from the beginning of the financial year until their resignations on 19 August 2009.

Richard Jarvis was a director from the beginning of the financial year until his resignation on 11 January 2010.

Glenn Whiddon and Matthew Sutcliffe were directors from their appointment on 19 August 2009 until their resignations on 9 March 2010.

Gino D’Anna was a director from his appointment on 28 August 2009 until his resignation on 9 March 2010.

Zola Skweyiya was a director from his appointment on 11 January 2010 until his resignation on 9 March 2010.

Ed Nealon resigned as an alternate director on 9 March 2010 and was appointed a director on the same day.

The directors of the Company as at the date of this report now comprise:

Ed Nealon (appointed 9 March 2009)
Scott Huntly (appointed 11 January 2010)
Adrian Griffin (appointed 11 January 2010)
Matodzi Nesongozwi (appointed 11 January 2010)
Philip Kirchlechner (appointed 11 January 2010)

Review and results of operations

Operating Results

During the period 1 March 2009 to 31 December 2009 period, the group recorded a net loss of \$4,749,881 (2008: loss \$5,089,203).

Principal Activities

(a) Exploration Activity – Republic of South Africa

Turquoise Moon Iron Ore Project (Moonlight Deposit and De Loskop Prospect)

On 17 September 2009, Ferrum Crescent Limited (formerly Washington Resources Limited) (“**Ferrum**” or “**the Company**”) announced it had entered in to a conditional agreement to acquire Ferrum Metals Limited (formerly Ferrum Crescent Limited) (“**Ferrum Metals**”), an Australian public unlisted company that has a 74% interest in the advanced Turquoise Moon Iron Project (“**Project**”), which consists of the Moonlight Deposit and the De Loskop Prospect, located in the Limpopo region of South Africa. This transaction was successfully concluded on 30 November 2009 at the AGM of the Company where shareholders approved the acquisition.

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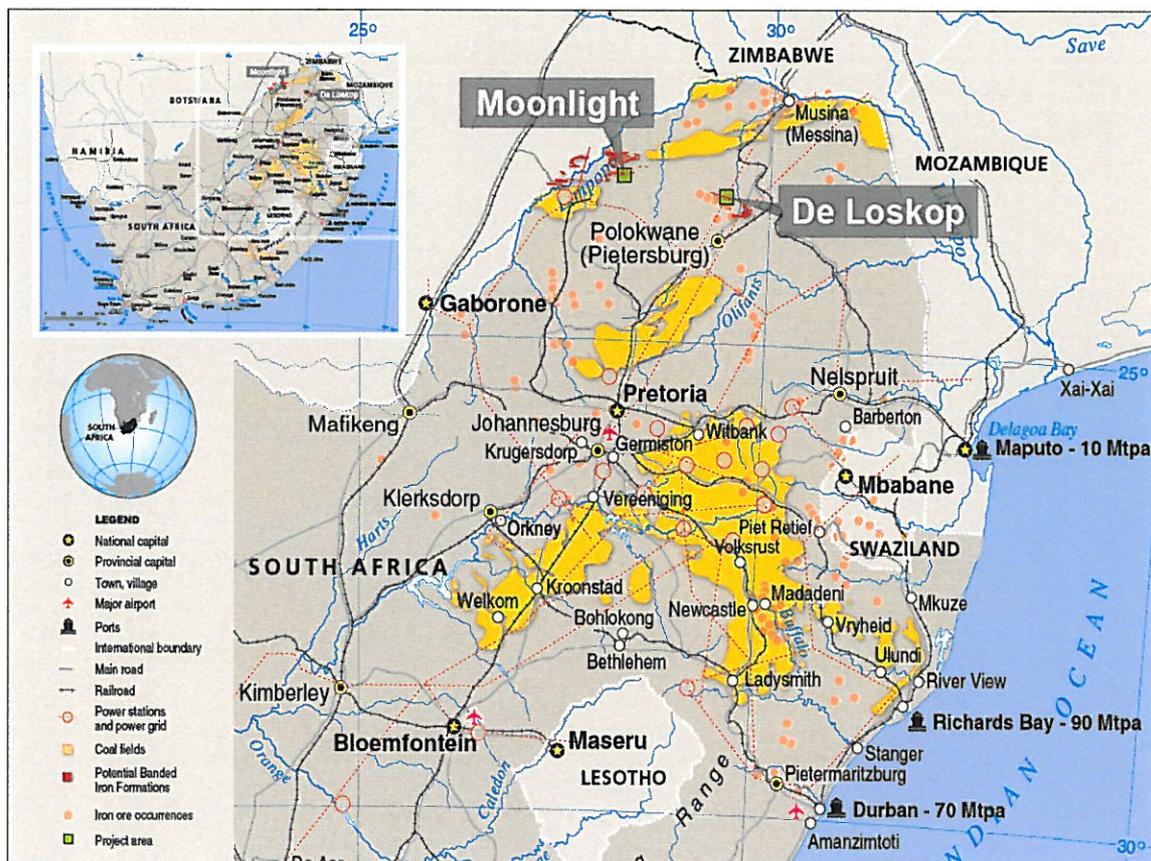
Directors' report (continued)

The Moonlight Deposit and the De Loskop Prospect present the Company with a significant opportunity to access an advanced exploration project in close proximity to infrastructure, with the ability to fast-track development through the expansion of the existing JORC-compliant Inferred Resource. The Project has the potential to host economic resources of high quality magnetite iron, from which export grade iron pellets and pig iron can be developed and produced.

The Project is considered to have significant potential to support commercial scale operations in the medium term, with the results from preliminary metallurgical test work considered excellent, displaying high recoveries and low contaminant levels.

The Project's Moonlight Deposit was explored by the South African Iron and Steel Corporation ("ISCOR") between 1983 and 1997. This work detailed and included extensive drilling campaigns and metallurgical and engineering testwork, culminating in resource estimates and mining studies. Historical project data has been verified by confirmation drilling and resource estimates, resulting in an initial JORC-compliant Inferred Resource of 320Mt grading at 32% Fe in respect of the Moonlight Deposit.

The De Loskop Prospect contains an exploration target of iron-ore mineralisation ranging from 200Mt to 1,000Mt¹ at a grade of between 30% Fe and 40% Fe. The target formation, the Zandriverspoort Banded Ironstone Formation (BIF), hosts mineralisation at a locality 35km to the SE at a grade of 34.9% Fe where the geology of the deposits is well understood as a result of historical exploration having been undertaken by ISCOR.



Work to be carried out by the Company will incorporate, mapping, sampling and geophysical techniques to establish robust geological models upon which further expansion can be based.

¹ The potential quantity and grade of the De Loskop Deposit is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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Directors' report (continued)

This, combined with the improvement in the understanding of key mineralisation controls, will also lead to defining additional local and regional exploration targets at the Moonlight Deposit and at the De Loskop Prospect.

At the Moonlight Project, the Company intends to undertake drill programs leading to the delineation of a JORC-compliant magnetite resource, from which scoping studies will be developed encompassing the optimum treatment process. This will form the basis for a reserve sufficient to support a 10 year mine plan. Aligned with the resource upgrade will be baseline environmental studies, metallurgical testwork, engineering studies and hydro-geological investigations resulting in feasibility assessments of integrated mining and production of beneficiated iron products.

Subsequent to the end of the interim period, in February 2009, the Company completed an immediate RC and core drilling program to collect bulk samples for process test work, allowing preliminary design and evaluation of comminution circuits.

In total of 66 RC holes were drilled for a total of 3,747m, with significant results including:

- 53m @ 38.7 Fe commencing 26m from surface in drill hole FCL072
- 46m @ 41.8% Fe commencing 46m from surface in drill hole FCL069
- 21m @ 37.3% Fe commencing 1m from surface in drill hole FCL031

Drilling focussed on three areas of shallow mineralisation that will form the basis for the first 10 years of mining at the Project. Previous drill spacing over these areas was generally at 200m centres, and this has now been reduced to 100m and has confirmed both the continuity and the tenor of the mineralisation. The Company expects to be in a position to release an upgraded resource at the Moonlight Deposit in the near future.

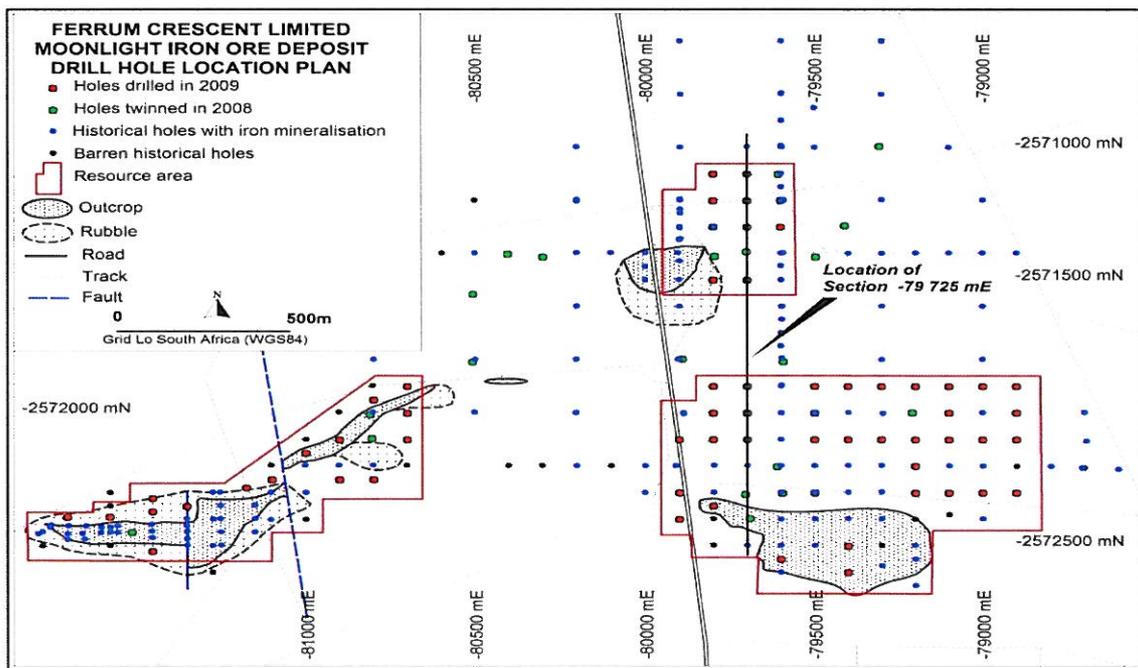


Figure 1: Drill hole location plan

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 Directors' report (continued)

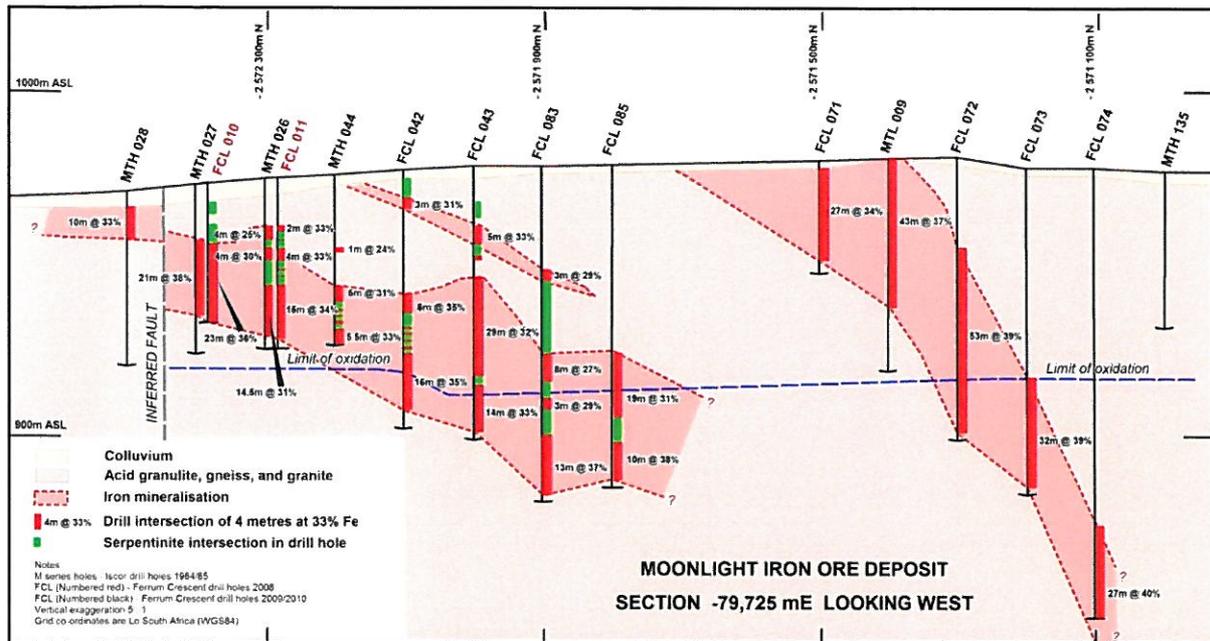


Figure 2: Section - 79,725E

The drilling will provide further assurances of the quality of the deposit at Moonlight. The area selected has abundant near-surface mineralisation which is believed to yield a resource with a low stripping ratio and was chosen to allow planning of the first ten years of production based on 1Mtpa on-site merchant pig iron production.

The resource upgrade will be the first stage of a technical assessment to be undertaken as part of the Scoping Study/Pre-Feasibility program in respect of the Moonlight Deposit.

The acquisition of the advanced Turquoise Moon Iron Project has enabled the Company to position itself as an iron ore explorer and developer, with initial focus on the Moonlight Deposit. The Company is making significant steps towards developing this world-class asset and is progressing towards the completion of the initial study which will illustrate the project economics.

(b) Exploration Activities – Australia

During the half-year period E70/2914, an addition to the Yarawindah poly-metallic project was granted. A review of all previous data generated on the Yarawindah project was undertaken. The review will be used by the incoming board to determine the nature of the Company's longer term involvement in the project.

E58/361 (Winsor Uranium project) was granted during the half-year period on 2 September 2009. Under the terms of a strategic alliance agreement with ASX listed Northern Uranium Limited ("NTU"), NTU has maintained exploration tenure, with the benefit of commodities apart from uranium being retained for Ferrum under specified circumstances. NTU narrowed the areas of interest within various projects and ground was released from E23937 (Kurundi) and E23934 (Tanami).

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Directors' report (continued)

Competent Person's Statement:

The information in this report is based on information compiled by Adrian Griffin, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Griffin has sufficient experience 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Griffin is a director of Ferrum Crescent Limited and consultant to the mining industry. This report is issued with Mr Griffin's consent as to the form and context in which the exploration results appear.

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 8.

Dated at Perth this 16 day of March 2010

Signed in accordance with a resolution of the Directors.



Adrian Griffin

Technical Director



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Auditor's Independence Declaration to the Directors of Ferrum Crescent Limited

In relation to our review of the financial report of Ferrum Crescent Limited for the period ended 31 December 2009, 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
16 March 2010

Ferrum Crescent Limited

Statement of Comprehensive Income

For the period 1 March 2009 to 31 December 2009

		Period	
	Note	2009 \$	2008 \$
Revenue from continuing operations			
Revenue – Interest income		2,321	-
Other income	3(i)	-	193,941
		2,321	193,941
			-
Write-off of goodwill on consolidation	6	(2,019,188)	(4,448,308)
Foreign currency loss		(1,151,375)	-
Other expenses	3(ii)	(1,605,742)	(834,836)
			-
(Loss) / profit before income tax		(4,773,984)	(5,089,203)
Income tax benefit / (expense)		37,500	-
			-
Net (loss) / profit attributable to members		(4,736,484)	(5,089,203)
Other comprehensive income			
Foreign exchange reserve		1,164,575	361,330
Net fair value gains on available for sale investments		125,000	-
Income tax on items of other comprehensive income		(37,500)	-
Other comprehensive income for the period, net of tax		1,252,075	361,330
Total comprehensive income for the period		(3,484,409)	(4,727,873)
		Cents per share	Cents per share
- basic (loss) /earnings per share		(4.71)	(7.84)
- diluted (loss) /earnings per share		(4.71)	(7.84)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Ferrum Crescent Limited

Balance Sheet

As at 31 December 2009

	31 December 2009	28 February 2009
Note	\$	\$
Current Assets		
Cash and cash equivalents	1,933,971	50,563
Trade and other receivables	912,647	2,246
Prepayments	-	20,000
Total Current Assets	2,846,618	72,809
Non-current Assets		
Plant and equipment	3,555	2,367
Available-for-sale-investments	2,920,960	-
Total Non-current Assets	2,924,515	2,367
Total Assets	5,771,133	75,176
Current Liabilities		
Trade and other payables	853,376	53,888
Provisions	-	10,636
Unsecured loan	-	375,000
Total Current Liabilities	853,376	439,414
Total Liabilities	853,376	439,414
NET ASSETS/ (LIABILITIES)	4,917,757	(364,238)
Equity		
Contributed equity	12,154,595	3,387,874
Reserves	2,471,040	1,219,282
Accumulated losses	(9,707,878)	(4,971,394)
TOTAL EQUITY	4,917,757	(364,238)

The above balance sheet should be read in conjunction with the accompanying notes

Ferrum Crescent Limited Statement of Changes in Equity

For the period 1 March 2009 to 31 December 2009

	Issued Capital \$	Accumulated Losses \$	Option reserve \$	Foreign Exchange Reserve \$	Net Unrealized Gains Reserve \$	Total equity \$
At 1 March 2008	1	-	-	-	-	1
Profit / (loss) for the period	-	(5,089,203)	-	-	-	(5,089,203)
Other comprehensive income	-	-	-	361,330	-	361,330
Total comprehensive income	-	-	-	361,330	-	361,330
Transactions with owners in their capacity as owners						
Shares issued	3,149,417	-	-	-	-	3,149,417
Transaction costs on shares issued	(160,000)	-	-	-	-	(160,000)
Share based payment	-	-	1,136,062	-	-	1,136,062
At 31 December 2008	2,989,418	(5,089,203)	1,136,062	361,330	-	(602,393)
At 1 March 2009	3,387,874	(4,971,394)	1,136,062	82,903	-	(364,555)
Profit for the period	-	(4,736,484)	-	-	-	(4,736,484)
Other comprehensive income	-	-	-	1,164,575	125,000	1,289,575
Tax effect of other comprehensive income	-	-	-	-	(37,500)	(37,500)
Total comprehensive income	-	-	-	1,164,575	87,500	1,252,075
Transactions with owners in their capacity as owners						
Shares issued	8,886,721	-	-	-	-	8,886,721
Transaction costs on shares issued	(120,000)	-	-	-	-	(120,000)
At 31 December 2009	12,154,595	(9,707,878)	1,136,062	1,247,478	87,500	4,917,757

The above statement of changes in equity should be read in conjunction with the accompanying notes

Ferrum Crescent Limited Cash Flow Statement

For the period 1 March 2009 to 31 December 2009

	Note	Period	
		2009 \$	2008 \$
Cash flows from operating activities			
Interest received		2,321	-
Cash payments in the course of operations		(421,953)	(1,191,918)
		<hr/>	
Net cash flows used in operating activities		(419,632)	(1,191,918)
Cash flows from investing activities			
Payments for plant and equipment		-	(2,576)
Payment of loan to other entity		-	5,520
Borrowing received		-	420,000
Acquisition of subsidiary, net of cash	6	877,942	-
		<hr/>	
Net cash flows (used in) / from investing activities		877,942	422,944
Cash flows from financing activities			
Proceeds from issue of shares		1,425,098	870,000
		<hr/>	
Net cash flows from financing activities		1,425,098	870,000
Net (decrease) / increase in cash and cash equivalents		1,883,408	101,026
Cash and cash equivalents at beginning of period		50,563	-
		<hr/>	
Cash and cash equivalents at end of period		1,933,971	101,026

The above cash flow statement should be read in conjunction with the accompanying notes

Ferrum Crescent Limited

Notes to the financial statements

For the period 1 March 2009 to 31 December 2009

1 Basis of preparation of half-year report

This general purpose condensed financial report for the interim reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

On 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCL") 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 has therefore been accounted for as a reverse acquisition.

Accordingly, the consolidated financial statements of the FCL group have been prepared as a continuation of the business and operations of FML. FML, as the deemed acquirer, has accounted for the acquisition of the FCL from 30 November 2009. The comparative information from 1 March 2008 to 31 December 2008 presented in the consolidated financial statements is that of FML. Refer to Note 6 for further details of the business combination.

The financial year end of FML is 28 February. The last audited accounts of FML were 28 February 2009. The financial year end of FCL is 30 June. The last audited accounts of FCL, as lodged with the Australian Stock Exchange, were 30 June 2009.

These interim financial statements represent the accounting period from the last year end of FML, 28 February 2009, to 31 December 2009.

The implications of the application of AASB 3 on each of the attached financial statements are as follows:

Statement of Comprehensive Income

- The 2009 Statement of Comprehensive Income comprises 10 months of FML and 1 month of FCL to 31 December 2009.
- The 2008 Statement of Comprehensive Income comprises 10 months of FML to 31 December 2008.

Balance Sheet

- The 2009 Balance Sheet as at 31 December 2009 represents the combination of FCL and FML.
- The 2008 Balance Sheet represents FML as at 28 February 2009.

Statement of Changes in Equity

- The 2009 Statement of Changes in Equity comprises:
 - o The equity balance of FML at the beginning of the period (1 March 2009).
 - o The total comprehensive income for the period and transactions with equity holders, being 10 months of FML and 1 months of FCL, ended 31 December 2009.
 - o The equity balance of the combined FML and FCL at the end of the period (31 December 2009).
- The 2008 Statement of Changes in Equity comprises 10 months of FML from 1 March 2008 to 31 December 2008.

Ferrum Crescent Limited

Notes to the financial statements

For the period 1 March 2009 to 31 December 2009

Cash Flow Statement

- The 2009 Cash Flow Statement comprises:
 - o The cash balance of FML at the beginning of the period (1 March 2009).
 - o The transactions for the period, being 10 months of FML and 1 month of FCL, ended 31 December 2009.
 - o The cash balance of the combined FML and FCL at the end of the period (31 December 2009).
- The 2008 Statement of Cash Flows comprises 10 months of FML from 1 March 2008 to 31 December 2008.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of obligations of the *ASX listing rules* and the *Corporations Act 2001*.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(a) Changes in Accounting Policy

Since 1 March 2009 the Company has adopted the all Standards and Interpretations, mandatory for annual periods beginning on or after 1 March 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company.

The Group has not elected to early adopt any new standards or amendments.

(b) Going Concern

At 31 December 2009, the Group had cash assets of \$1,933,971 and working capital of \$1,993,242. The interim financial report has been prepared on the basis that the consolidated entity will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Whilst the Group has sufficient cash and assets to meet its contractual exploration commitments and administration expenditure through to the end of the current financial year, the directors recognise the need to raise additional funds via equity raisings to enable the development of the Turquoise Moon Project. Accordingly, the Directors believe that the consolidated entity will obtain sufficient funding to enable them to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Should the consolidated entity not achieve the matters set out above, there is significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as going concern.

Ferrum Crescent Limited

Notes to the financial statements

For the period 1 March 2009 to 31 December 2009

2 Segment information

For management purposes, the group is organised into one main operating segment, which involves mining exploration for iron ore in South Africa. All of the group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the group as one segment. The financial results from this segment are equivalent to the financial statements of the group as a whole.

3 Profit for the half-year

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

	Period	
	2009	2008
	\$	\$
(i) Other income		
Debt Forgiven	-	193,941
	-	193,941

(ii) Other expenses

Other expenses include the following whose disclosure is relevant in explaining the performance of the company

Write off of exploration expenditure	(a)	22,040	-
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- (a) The impairment loss arose following a full review of the Company's portfolio of tenements and its exploration expenditure commitments over the following 12 months

4 Dividends

No dividends were paid or proposed during the period (2008: nil).

Ferrum Crescent Limited

Notes to the financial statements

For the period 1 March 2009 to 31 December 2009

5 Equity securities issued

	Period	
	2009	2008
	Number	Number
Movements in shares on issue		
Beginning of the financial period		
- Ordinary shares	51,051,366	51,051,326
- Employee share plan shares on issue	3,870,000	3,870,000
Issued on acquisition of subsidiary	102,000,000	-
Issued for cash consideration	20,000,000	-
Exercise of options	-	40
Issued for services	833,333	-
End of the financial period	177,754,699	54,921,366
	2009	2008
	\$	\$
Movements in share capital		
Beginning of the financial period	3,387,874	1
Issued on acquisition of subsidiary	5,773,143	2,080,000
Issued for cash consideration	2,000,000	870,000
Issued for exploration assets	-	193,941
Issued for services	833,482	403,932
Transaction costs	(120,000)	(160,000)
End of the financial period	12,154,595	3,387,874

Ferrum Crescent Limited

Notes to the financial statements

For the period 1 March 2009 to 31 December 2009

6 Business combination

On 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCL") 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 has therefore been accounted for as a reverse acquisition.

FML is based in Australia and operates exploration operations in the Republic of South Africa.

Details of the fair value of assets and liabilities acquired and goodwill are as follows:

	2009
	\$
Purchase consideration:	
51,051,366 shares (being the number of shares of the legal parent, FCL, before the business combination) multiplied by \$0.105 per share	5,360,393
3,870,000 treasury shares (being the number of shares under the Employee Share Plan of the legal parent, FCL, before the business combination) multiplied at \$0.105	406,350
1,400,000 options (being the number of options under the Employee Option Plan of the legal parent, FCL, before the business combination)	6,400
Total purchase consideration	5,773,143
Fair value of net identifiable assets acquired (see below)	3,753,955
Goodwill	2,019,188

The goodwill acquired represents the premium arising as a result of accounting for the reverse acquisition. The directors have determined that there is no future benefit arising from this asset and accordingly have recognised an impairment loss for this goodwill amount.

Details of the provisional fair value of identifiable assets and liabilities of Ferrum Crescent Limited as at the date of acquisition are:

	Book carrying value	Fair Value
	\$	\$
Assets		
Cash and cash equivalents	877,942	877,942
Trade and other receivables	52,116	52,116
Plant and equipment	2,113	2,113
Investments	2,873,525	2,873,525
Liabilities		
Trade and other payables	51,741	51,741
Net assets	3,753,955	3,753,955
Cash outflow/(inflow) on acquisition		
Net cash acquired	877,942	

Ferrum Crescent Limited

Notes to the financial statements

For the period 1 March 2009 to 31 December 2009

7 Washington Resources Limited Interim Income Statement

Following the acquisition of Ferrum Metals Limited (Formerly Ferrum Crescent Limited), Ferrum Crescent Limited (Formerly Washington Resources Limited) became the accounting subsidiary. Accordingly only the results from 30 November 2009 through 31 December 2009 are included in the consolidated statement of comprehensive income. To ensure continuous disclosure the results for the 6 months ended 31 December 2009 of Ferrum Metals Limited (Formerly Washington Resources Limited) are included below:

Income Statement For the period 1 July 2009 to 31 December 2009

	Half Year	
	2009	2008
	\$	\$
Revenue from continuing operations		
Revenue – Interest income	18,706	81,033
	18,706	81,033
Write off of exploration and evaluation expenditure	(1,727,528)	(863,823)
Other expenses	(1,060,763)	(1,109,517)
(Loss) / profit before income tax	(2,769,585)	(1,892,307)
Income tax benefit / (expense)	-	531,037
Net (loss) / profit	(2,769,585)	(1,361,270)

8 Contingencies and commitments

There are no contingent assets or liabilities.

9 Events occurring after the balance sheet date

Apart from other events to the extent to which are described elsewhere in this report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to effect;

- (i) The Company's operations in future financial periods; or
- (ii) The results of those operations in future financial periods; or
- (iii) The Company's state of affairs in future financial periods.

Ferrum Crescent Limited

ACN 097 532 137

Directors' declaration

In accordance with a resolution of the directors of Ferrum Crescent Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the period 1 March 2009 to 31 December 2009 of the Company; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) subject to the matters disclosed in Note 1 (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board,



Adrian Griffin

Technical Director

Perth
16 March 2010



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Independent review report to members of Ferrum Crescent Limited

To the members of Ferrum Crescent Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Ferrum Crescent Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 10 months ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ferrum Crescent Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.

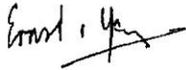
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Ferrum Crescent Limited is not in accordance with the *Corporations Act 2001*, including:

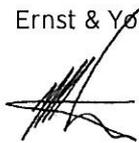
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the ten months ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1(b) in the interim financial report. As a result of these matters there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
Perth
16 March 2010