



11 June 2014

Ferrum Crescent Limited
 (“**Ferrum Crescent**”, the “**Company**” or the “**Group**”) (ASX: FCR, AIM: FCR, JSE: FCR)

Independent Valuation

Ferrum Crescent Limited, the ASX, AIM and JSE quoted iron ore developer in northern South Africa, today releases an independent valuation report prepared by The Mineral Corporation, an independent mineral consultancy based in South Africa.

As Ferrum Crescent considers that it is important for shareholders and investors to read the report in its entirety, a copy of the report is attached and has been posted on the Company’s website.

In addition, the Company notes recent unfounded speculation in London regarding its financing of the Moonlight Iron Ore Project bankable feasibility study. As announced on 30 May 2014, the Company is in discussions with AAI and other parties around providing financing options to fund the bankable feasibility study on Moonlight. These discussions remain ongoing, and the Company will update the market in due course.

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10 June 2014

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Dear Mr. Hair

MINERAL ASSET VALUATION OF THE MINERAL ASSETS OF THE MOONLIGHT PROJECT IN THE LIMPOPO PROVINCE, SOUTH AFRICA

1 INTRODUCTION

1.1 Purpose of Report

Ferrum Crescent Limited (Ferrum Crescent) has requested The Mineral Corporation to prepare an independent valuation opinion (the Mineral Asset Valuation or the valuation) of the Mineral Assets (defined in Section 2.1) of the Moonlight Iron Ore Project (the Moonlight Project or the Project) located in the Limpopo Province of South Africa (Figure 1). The valuation opinion is required for a possible transaction between Ferrum Crescent and a third party.

1.2 Capability and Independence

This report 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 advisor 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.

1.3 Scope of Work

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. Ferrum Crescent is listed on the Australian Securities Exchange (ASX), the AIM market of the London Stock Exchange (AIM) and the Johannesburg Stock Exchange (JSE).

The valuation opinion contained in this report is only for the Mineral Assets, 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 this valuation is 30 April 2014.

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1.4 Materiality and Exclusions

The Mineral Corporation has reviewed the Mineral Assets of the Moonlight Project in accordance with the scope of work agreed with Ferrum Crescent, which was to provide a valuation opinion in accordance with the SAMVAL Code. The Mineral Corporation has not considered what requirements may be made of Ferrum Crescent by the various exchanges on which it is listed, as a result of this valuation, and additional work may be required to satisfy such exchanges' rules.

The Mineral Corporation independently assessed and reviewed the pertinent data for the Moonlight Project for the purposes of a Mineral Resource estimate completed in May 2012 and subsequently updated in April 2014. The dataset reviewed includes, among others, title, geological, structural, sampling, density, analytical results and survey data.

All opinions, findings and conclusions expressed in this report are those of The Mineral Corporation and are based on information provided by the Ferrum Crescent. These opinions, findings and conclusions can change significantly with new information. Accordingly, the opinions, findings and conclusions contained in this report may also be subject to change.

This 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.

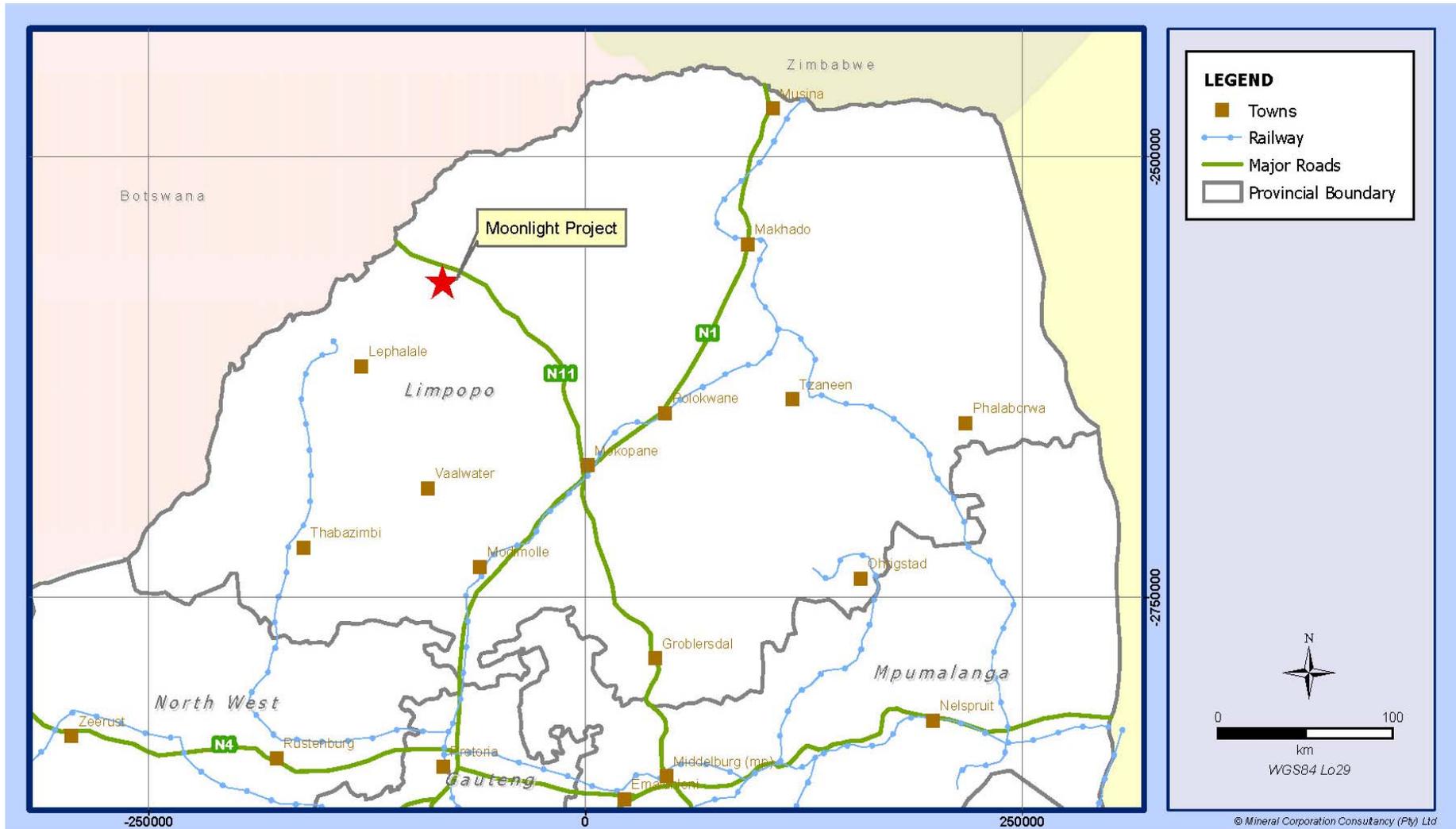


Figure 1: Moonlight Project location map



2 DESCRIPTION OF THE MINERAL ASSETS

2.1 Introduction

The Moonlight Project is an advanced exploration project for which it understood that a Feasibility Study is planned. Ferrum Crescent has already completed a comprehensive exploration programme at the Project involving *inter alia* geological mapping, aeromagnetic surveys, drilling and sampling and chemical analysis of the samples. This programme has been conducted on the back of historical exploration results generated by the South African Iron and Steel Industrial Corporation (Iscor), the previous mineral title holder.

Historical and recent exploration data generated from Iscor and Ferrum Crescent exploration campaigns have led to the delineation of four magnetite zones termed Zones A, B, C and D. Mineral Resources estimated for all of the delineated mineralised zones are summarised in Section 2.3.

The interpretation of aeromagnetic survey data has allowed the identification of magnetic anomalies within the Moonlight Project Mining Right area (Section 4), and these represent exploration targets for follow-up work.

On the basis of the foregoing, the Mineral Resources and the magnetite mineralisation targets delineated at the Project constitute the Mineral Assets of the Moonlight Project. The Competent Valuator for this valuation opinion visited the Moonlight Project during April 2012, as part of a Mineral Resource estimate. No material change to the site has taken place since that time.

2.2 Project Ownership and Title

The Mineral Corporation has not conducted an independent due diligence on the mineral title for the Moonlight Project, and the following summary is based on information provided by Ferrum Crescent. It is understood from the information supplied that Ferrum Crescent owns 97% of the Moonlight Project with the remaining 3% owned by a local community trust.

The Moonlight Project comprises three properties, namely Moonlight 111 LR, Julietta 112 LR and Gouda Fontein 76 LR (Figure 2). 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. At this stage, The Mineral Corporation is not aware of any mineral title issues that may lead to the withdrawal of the Mining Right and the title circumstances are understood to be sound.

The company has also made an application on 01 November 2013 for a Prospecting Right on the adjacent properties which application was accepted on 26 November 2013. The properties included in this application are excluded from the valuation opinion, as the Prospecting Right has yet to be granted.

The ownership structure of the Moonlight Project, and related mineral rights, is show in Figure 3. The Mineral Corporation understands that the transaction considered in Section 1.1 would result in Anvwar Asian Investment (AAI) acquiring 35% of Ferrum Iron Ore.

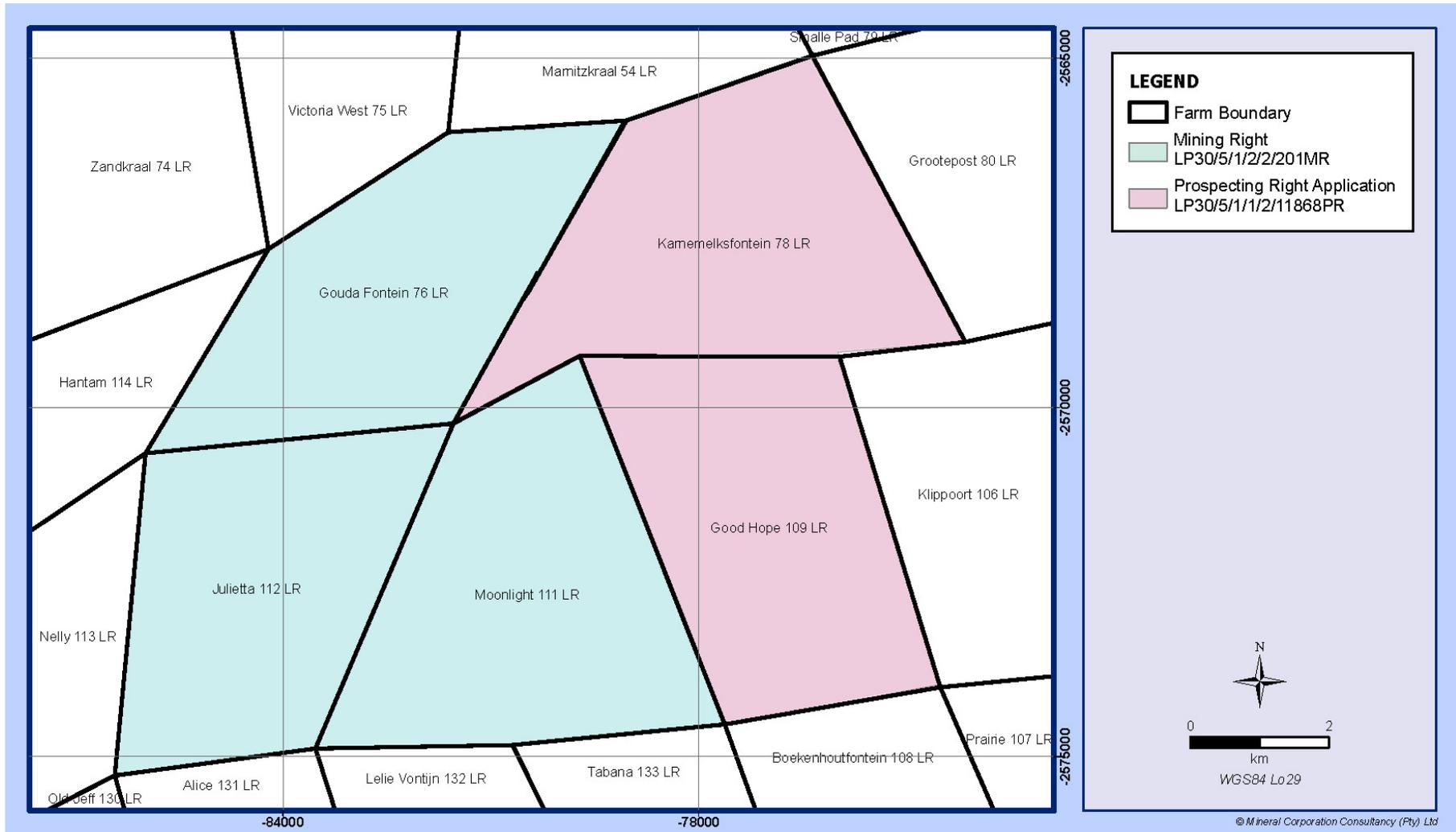


Figure 2: Mineral title plan

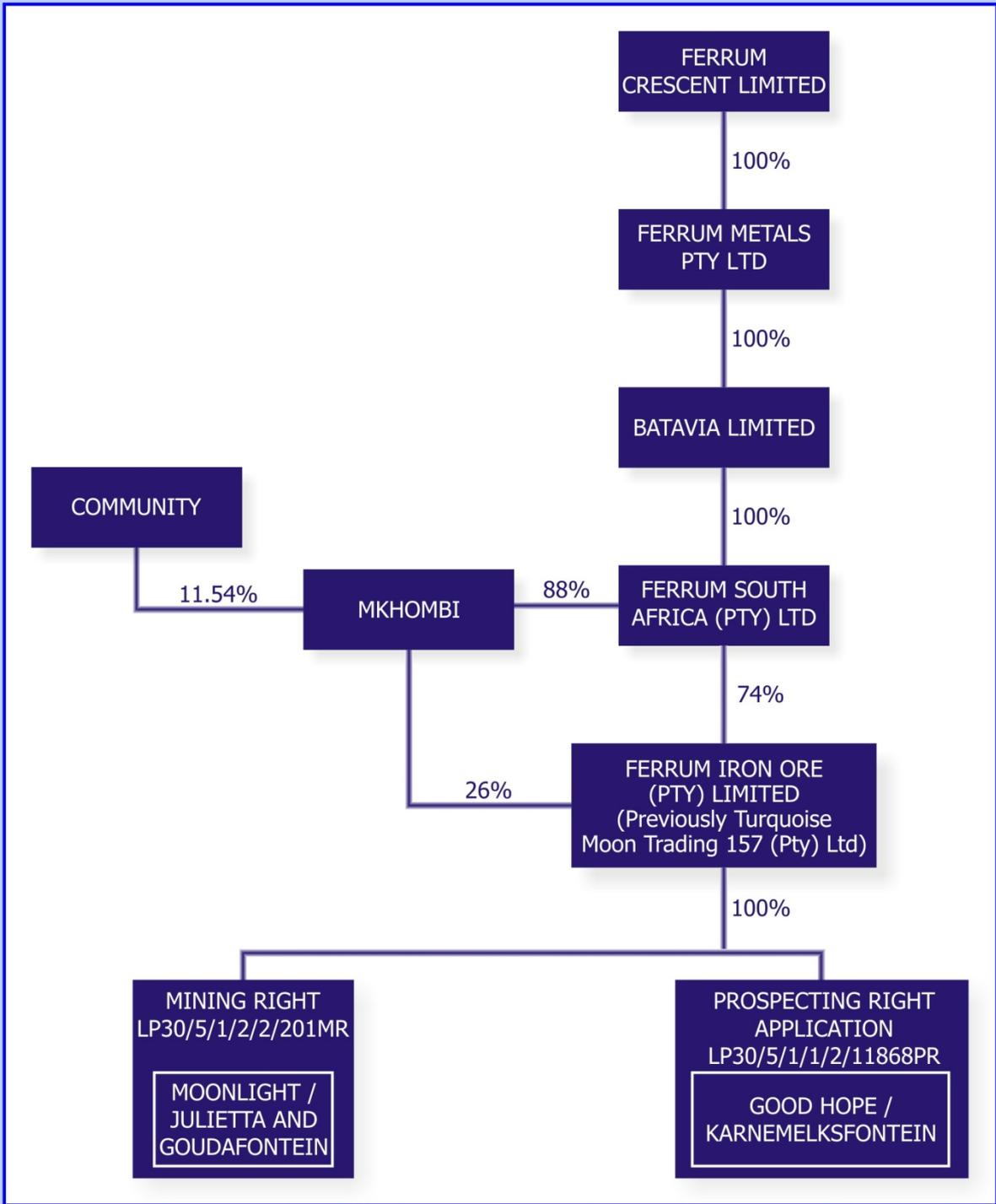


Figure 3: Company structure and related mineral rights



2.3 Mineral Resources

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 these estimates are summarised in Table 1. The Mineral Resources were reported using a cut-off grade of 16% Fe, geological losses of 5% and a depth constraint of between 100m and 250m. Mr Stewart Nupen was the Competent Person responsible for the estimation, compilation and sign-off of these Mineral Resource estimates. The Mineral Resource extent within the Mining Right boundary is shown in Figure 4 and the classification for each of the four mineralised zones delineated at the Moonlight Project are shown in Figure 5.

Table 1: Mineral Resources statement for the Moonlight Project as at April 2012

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 ₂ O 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 herein has been estimated on a 100% ownership basis. 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.

2.4 Exploration Targets

Magnetite-bearing quartzite units are the prime exploration targets at the Moonlight Project and can be identified via geophysical techniques. Exploration targets delineated from the interpretation of high-resolution airborne aeromagnetic survey data are shown in Figure 4. It is noted that these exploration targets have not been drill-tested and, as such, no tonnage or Mineral Resource estimates have been estimated for these areas. At this stage, these targets are considered to be upside potential for the current Mineral Resources.

2.5 Project Development Considerations

A Feasibility Study was commenced on the Project prior to its listing on the JSE in 2011, and was subsequently suspended due to market conditions. The Mineral Resources have since been materially updated and, for the purpose of this valuation, the Project development can be considered as being at an advanced exploration stage.

Notwithstanding this status, 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 re-commence with a phased Feasibility Study on this basis.

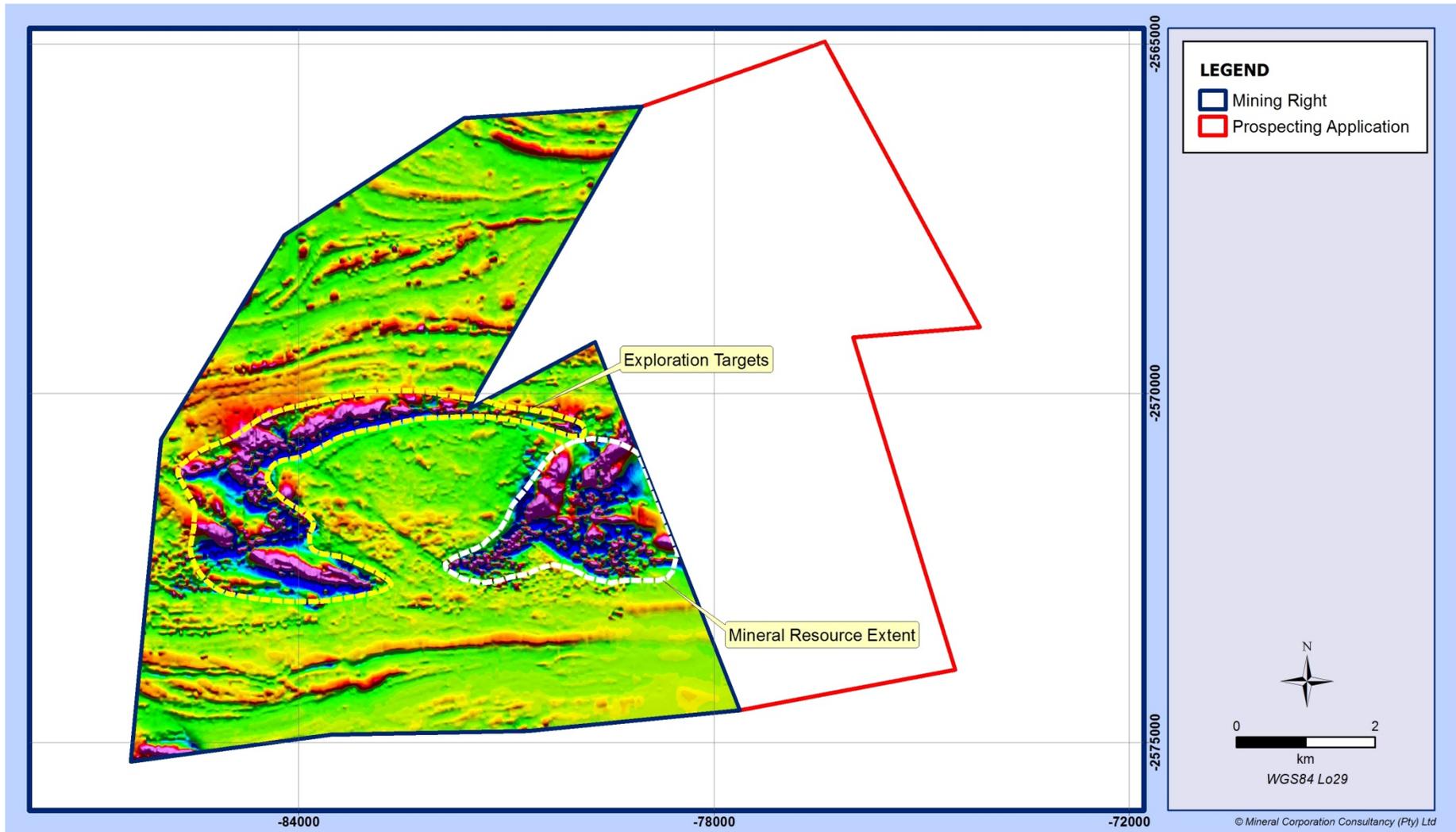
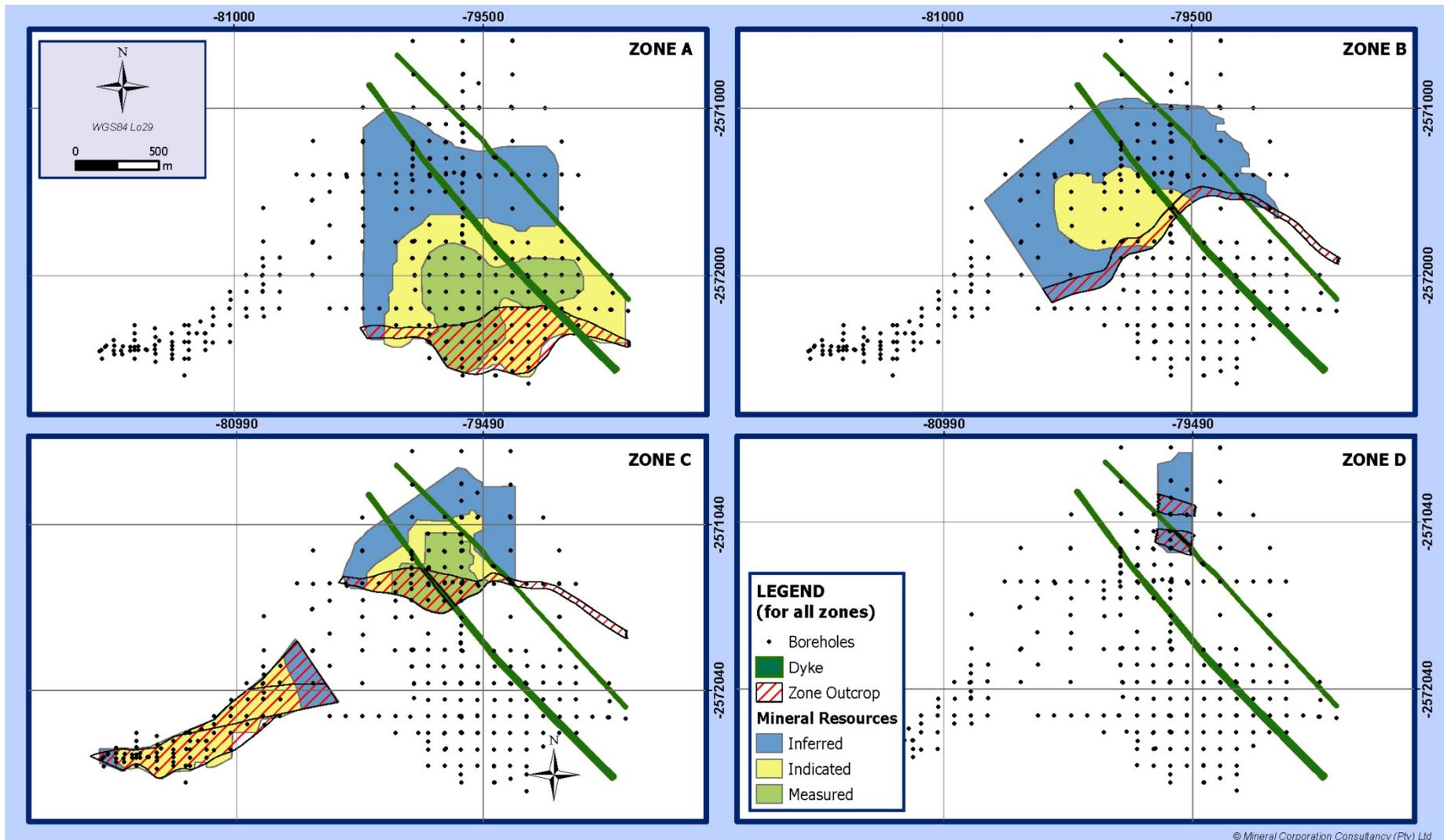


Figure 4: Mineral Resource and exploration targets extent within the Mining Right area



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Figure 5: Mineral Resource areas (with reference to Figure 4)



3 VALUATION METHODOLOGY

3.1 Industry background

The two most common iron (Fe) minerals in iron ore are haematite and magnetite. Traditionally, haematite-bearing ores with a high Fe concentration (close to 66%) have been exploited from world-class iron provinces such as the Sishen region of South Africa or the Carajas region in Brazil.

Magnetite-bearing ore, with a lower concentration of Fe, can be beneficiated by magnetic separation and used to produce a magnetite concentrate. The additional cost required to beneficiate magnetite-bearing ore results in the iron ore industry being segregated into the haematite and magnetite miners. This is shown by the industry cost-curve in Figure 6.

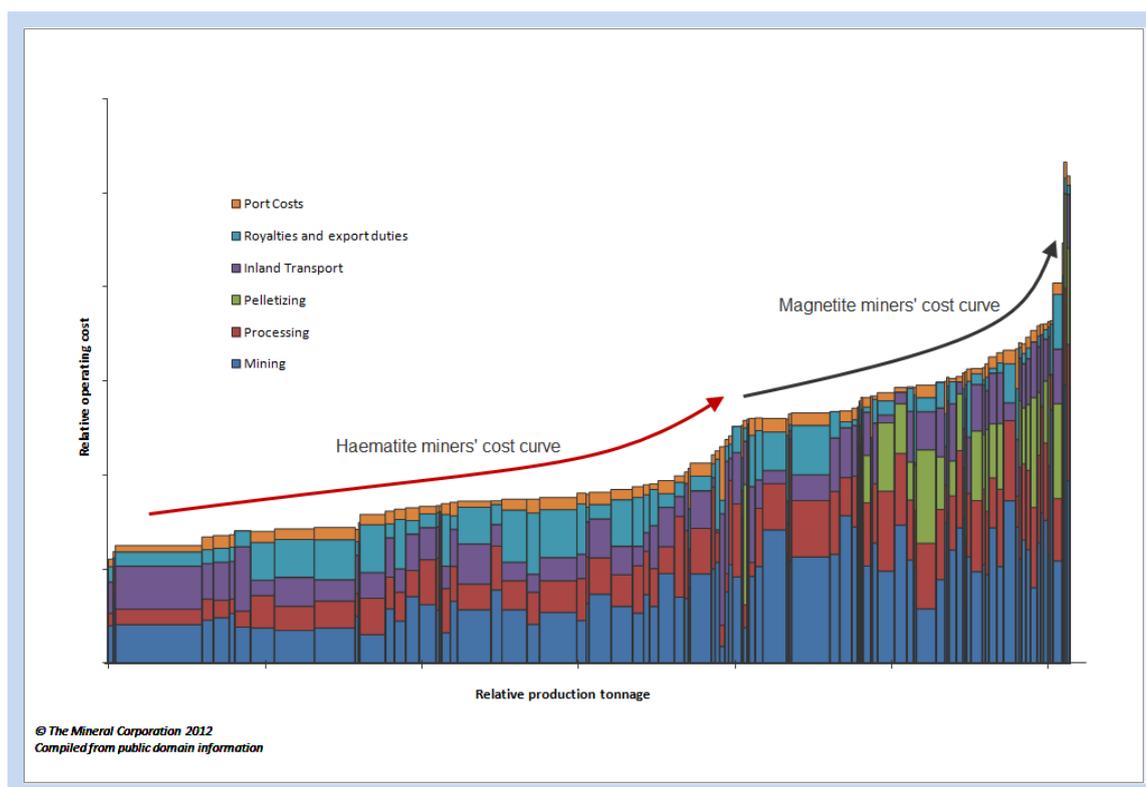


Figure 6: Iron ore cost curve (The Mineral Corporation research)

The Moonlight Project has an Fe grade which is typical of magnetite-bearing ore (close to 30%) and, for the purpose of this valuation, comparisons with other projects and mines are drawn from the other magnetite projects or mines.

3.2 Valuation approaches / methods applied

The SAMVAL Code requires the consideration of two different approaches to the valuation of a mineral asset. 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).

For the following reasons, the Competent Valuator considers that the Project represents an Exploration Property as defined by the SAMVAL Code:

- The SAMVAL Code defines a Development Property as "a Mineral asset that is being prepared for mineral production and for which economic viability has been demonstrated by a Feasibility Study or Pre-feasibility Study and includes a Mineral Asset which has a current positive Feasibility Study or Pre-feasibility Study but is not yet financed or under construction".



- The SAMVAL Code defines an Exploration Property as “a mineral asset being actively explored for mineral deposits but for which economic viability has not been demonstrated. Exploration Properties have asset values derived from their potential for discovery of economically viable mineral deposits. Exploration Property interests are bought and sold in the market. Many of these transactions involve partial-interest arrangements, such as farm-in, option joint venture agreements”.

According to the SAMVAL Code, the three generally accepted approaches to Mineral Asset valuation are:

Cash Flow Approach:

The Cash Flow Approach relies on the ‘value in use’ principle and requires determination of the present value of future cash flows over the useful life of the Mineral Asset. The Cash Flow Approach is often applied to Development and Production Properties.

As the Project is at an advanced exploration stage, The Competent Valuator deemed that a valuation in accordance with the SAMVAL Code using the Cash Flow Approach could not be used as a current feasibility study to support and derive a cash flow is not available.

The Market Approach:

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

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 two generally accepted approaches to Mineral Asset Valuation appropriate for projects at this stage of development.

3.2.1 Market approach - comparable transactions (Method 1)

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. It can be seen from Figure 7 that there is a direct relationship between the price paid and the development category. Only transactions based on published Mineral Resources have been considered.

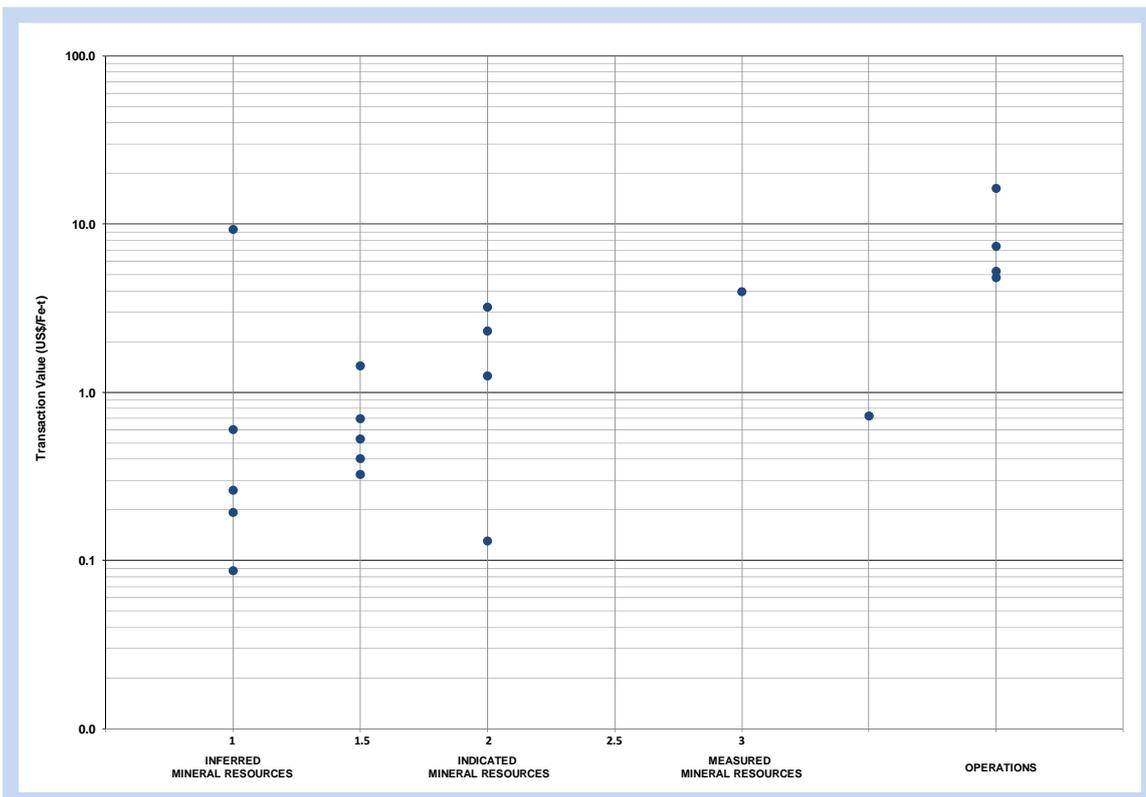


Figure 7: Price paid per contained Fe tonne with development category scale

The Moonlight Project, as an advanced exploration project, should be compared with other similar projects (rather than operations) and, from this point forward, the comparable transactions discussed will exclude those relating to operating mines.

On the basis that the price paid per contained Fe tonne is likely to vary with the buoyancy of the market for the commodity, The Mineral Corporation has sought to introduce the market conditions into this analysis. The price paid per contained Fe tonne has been normalised for the relationship described above, by dividing the price paid by a notional development category number defined as 1 for Inferred and 3 for Measured Mineral Resources (the x-axis of the graph in Figure 7). This normalised price has been plotted against one of the international iron ore price benchmarks (the 62% fines price in US\$/t) and is shown in Figure 8.

It is noted that, despite normalising for the development stage, the variability of the price paid per contained Fe tonne appears to be higher than the variability of the price of the commodity. It could be argued that one reason for this is that, in periods of increasing commodity prices, the market for projects and mines tends to pay a premium in anticipation of continued increase in prices while, in periods of falling commodity prices, the market tends to discount in anticipation of continued falls in commodity price.

A second possible reason for this variability is that the economics of relatively high cost mines and projects are sensitive to changes in commodity prices. It can be seen from Figure 6 that magnetite projects and mines occupy the higher end of the producer cost curve, by virtue of the extra beneficiation requirement.

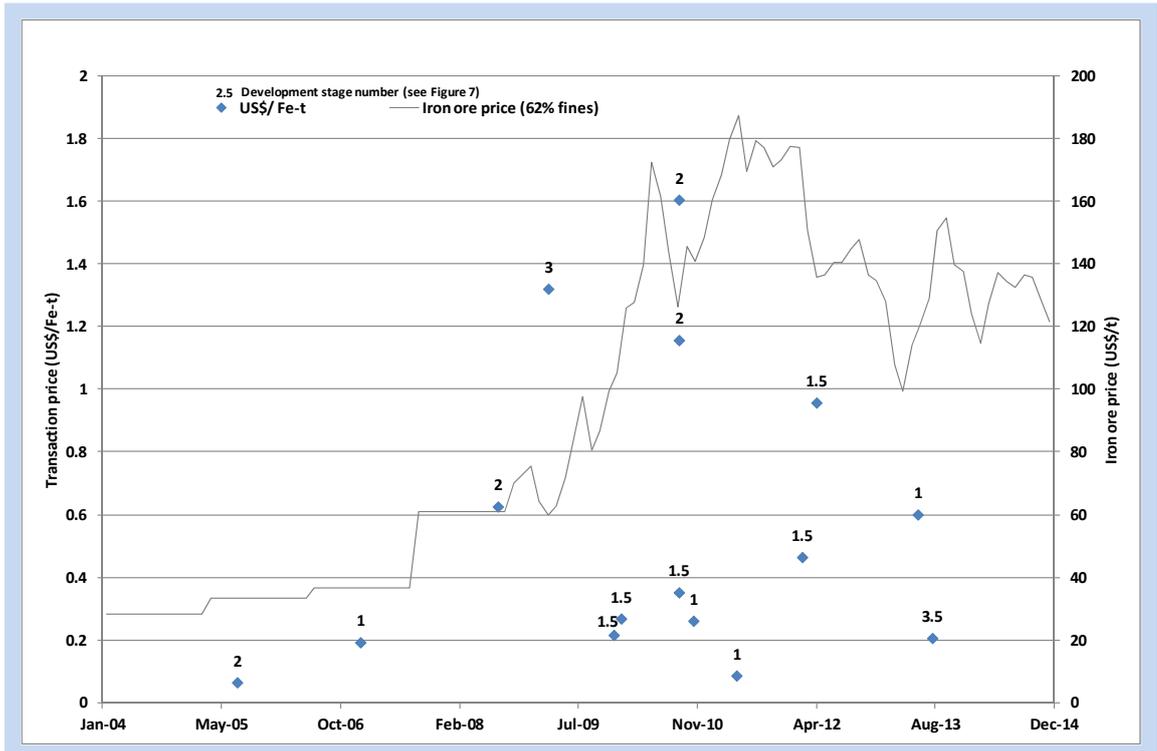


Figure 8: Normalised transaction price paid per Fe tonne, against the 62% fines price

Figure 9 shows the normalised price paid per contained Fe tonne against iron ore price and, in this Figure 9, a field in which transactions under similar iron ore price conditions have taken place is identified. This field is considered by The Mineral Corporation to represent a likely normalised price per contained Fe tonne range which could be expected in the current iron ore price environment.

In order to convert the normalised price paid per contained Fe tonne back into an estimate of the actual price paid per Fe tonne, the range in Figure 9 is multiplied by the Project's development category number. In the case of the Moonlight Project, this is estimated to be 1.5, given the weighted combination of Inferred, Indicated and Measured Mineral Resources. The resulting price paid range is between 0.30 and 0.90 US\$/Fe-t.

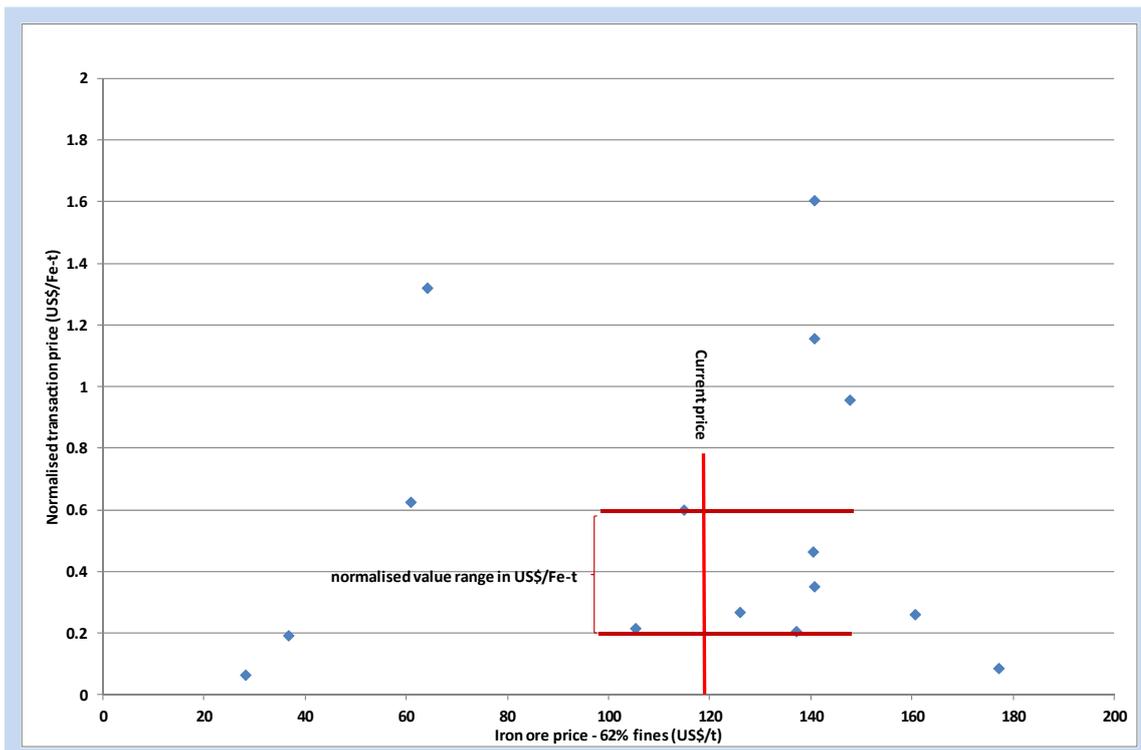


Figure 9: Normalised transaction price paid per contained Fe tonne vs iron ore price

3.2.2 Market approach - Comparable Enterprise Value per tonne (Method 2)

The Mineral Corporation has also considered the value of 12 comparable listed magnetite mining and exploration companies. For this Method 2, publically available financial reports were interrogated and an estimate of Enterprise Value derived as follows:

$$\text{Enterprise Value (EV)} = \text{Market Capitalisation} - \text{Cash} + \text{Debt}$$

Utilising EV has its limitations in that the financial market's valuation of a company does not necessarily represent a "willing buyer – willing seller" transaction as faithfully as an actual transaction does. However, it has the advantage of being current and not requiring correction for commodity market circumstances. The EV per contained Fe tonne for each of these companies was also derived; this variable is also measured in US\$/Fe-t.

Figure 10 shows the estimated EV per contained Fe tonne for a number of magnetite mining and exploration companies. It is noted that the four companies which have EV per contained Fe tonne estimates of greater than 2.0 US\$/Fe-t are all in production. Furthermore, there would appear to be a poor correlation among exploration companies between EV per contained Fe tonne and the size of the Mineral Resource.

Figure 11 concentrates primarily on magnetite exploration companies by focusing on transaction price values below 2.0 US\$/Fe-t. It is noted that Northern Iron and Ferrexpo are in or near production and The Mineral Corporation therefore considers Ferrum Crescent's "peers" in this regards to have an EV per contained Fe tonne of between 0.10 and 0.50 US\$/Fe-t, as illustrated in Figure 11.

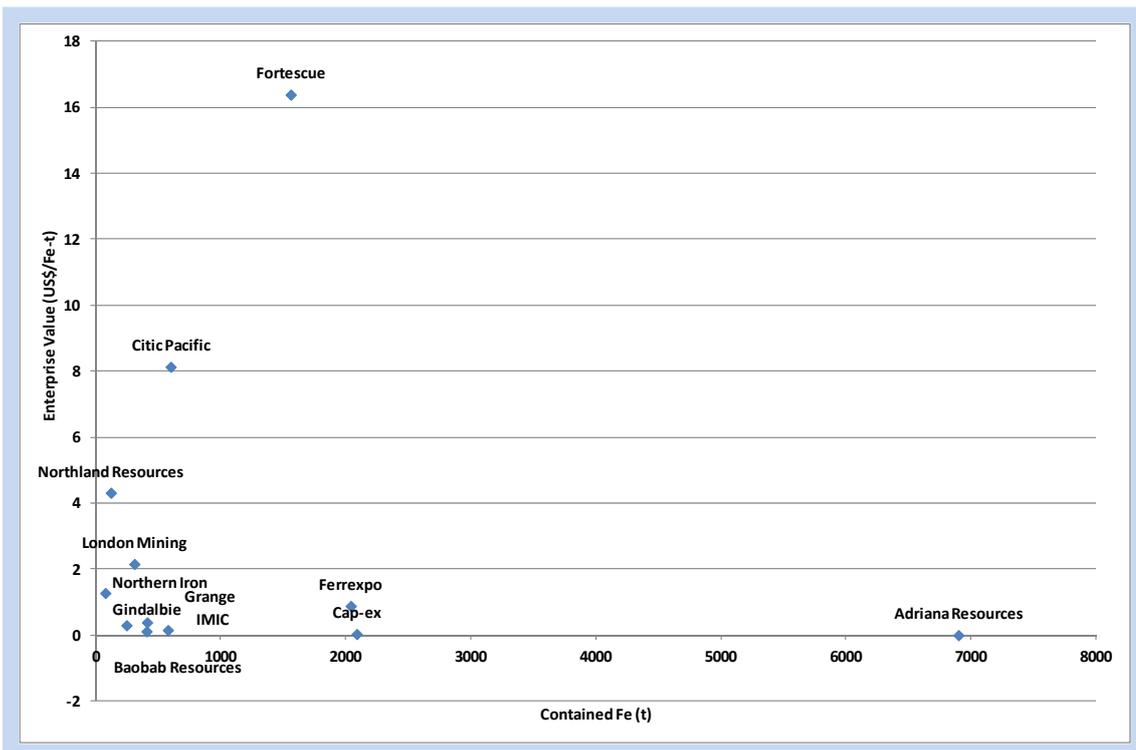


Figure 10: EV vs contained Fe tonne for a number of magnetite companies

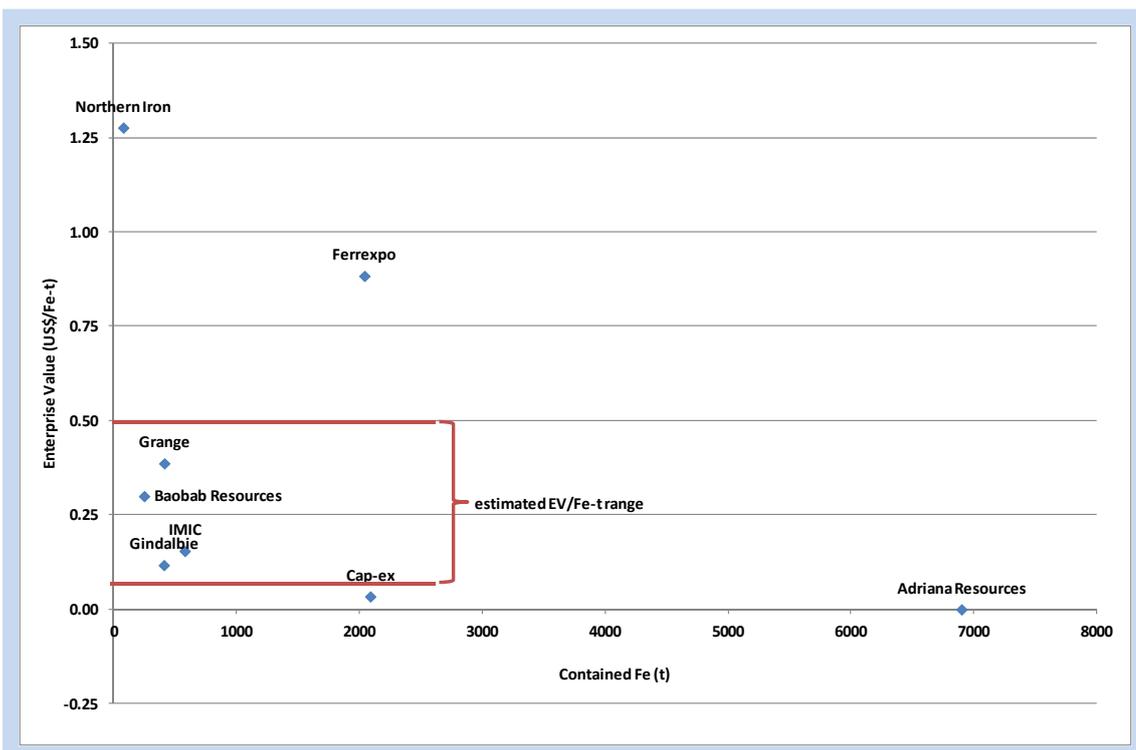


Figure 11: EV per contained Fe tonne against contained Fe tonne (US\$/Fe-t < 2.0)

3.2.3 Cost approach - historical exploration cost (Method 3)

Ferrum Crescent has provided a detailed breakdown of the historical exploration costs incurred in developing the Moonlight Project. In total and including corporate costs, salaries, direct exploration and consultants in Australia and South Africa, Ferrum Crescent has incurred expenditures of US\$21.4m to deliver the Project to its current development status. As Moonlight is effectively the only project within Ferrum Crescent, The Mineral Corporation is of the view that all of these costs should be considered as exploration expenses.



The previous mineral title holders, Iscor, are estimated to have spent approximately US\$2.0m (in 2014 terms). Not all of Iscor's historical information was procured by Ferrum Crescent, but The Mineral Corporation's view is that at least half of Iscor's expenditure was directed towards the development of the Project as it stands, and thus should be considered as contributing to the historical exploration costs.

The Mineral Corporation would thus estimate the total relevant historical exploration expenditure to be US\$22.4m.

4

VALUATION OPINION

The Mineral Corporation's view on the two market approach valuation methods (Methods 1 and 2) considered is summarised in Table 2.

Table 2: Summary of market approach valuation methods considered

Comparable transactions		EV per contained Fe tonne	
Mineral Resource (Mt)	307	Mineral Resource (Mt)	307
Fe Grade (%)	26.9	Fe Grade (%)	26.9
Contained Fe (Mt)	82.6	Contained Fe (Mt)	82.6
Low estimate (US\$/Fe-t)	0.30	Low estimate (US\$/Fe-t)	0.10
High estimate (US\$/Fe-t)	0.90	High estimate (US\$/Fe-t)	0.50
Low estimated value (US\$m)	24.8	Low estimate (US\$m)	8.26
High estimated value (US\$m)	74.3	High estimate (US\$m)	41.3
Mean value (US\$m)	49.5	Mean value (US\$m)	24.8

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. As shown in Figure 12, The Mineral Corporation valuation range would be between the lower end of the comparable transaction range of US\$25m and the upper end of the EV per contained Fe tonne range of US\$41m. The Mineral Corporation's preferred valuation of would be the mid-point of this range; namely, US\$33m.

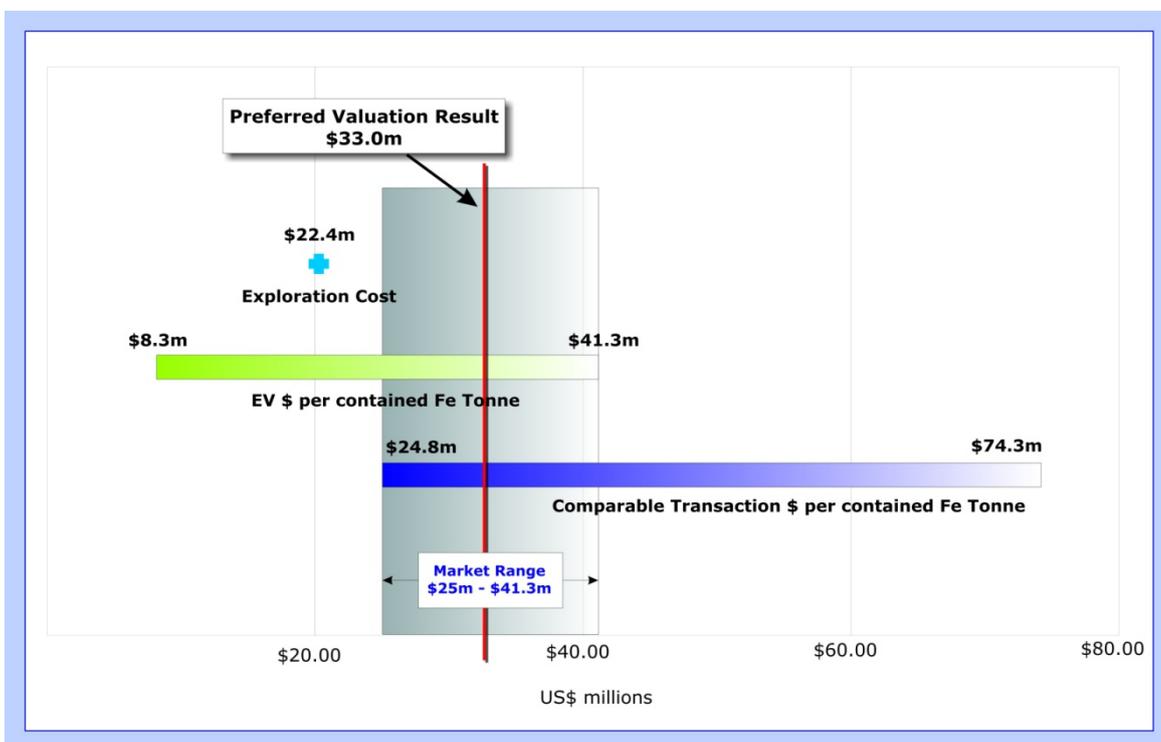


Figure 12: Summary of valuation range and preferred valuation result



In The Mineral Corporation's experience, bulk commodities such as iron ore often attract comparative transaction valuations which are greater than their historical exploration costs. The third valuation method (Method 3), which considers exploration costs, provides good corroborative support for the preferred valuation result.

Ferrum Crescent's Mining Right area does include targets for magnetite mineralisation which could be considered as contributing additional value to the assets. Informed by Figure 10, The Mineral Corporation is of the view, however, that the market is not currently rewarding large tonnages within the Mineral Resource statement and thus ascribing a value to the upside-potential for additional Mineral Resources is not warranted.

5

CONCLUSIONS

The Mineral Corporation has prepared a Mineral Asset Valuation of Ferrum Crescent's Mineral Assets according to the SAMVAL Code. These assets are the Mineral Resources of the Moonlight Project within the Mining Right area. The Mineral Corporation's valuation range is between US\$24.8m and US\$41.3m and our preferred valuation is US\$33.0m, as at 30 April 2014. The preferred valuation opinion is supported by using a cost approach to the valuation, in that the exploration costs incurred to date are marginally less than the valuation range. No value has been ascribed to the magnetite exploration targets within the Mining Right nor the areas under application.

STEWART NUPEN
Director, Competent Valuator

JOHN MURPHY
Director, Peer Reviewer