

6 July 2012

Ferrum Crescent Limited
 ("Ferrum Crescent", the "Company" or the "Group") (ASX: FCR, AIM: FCR, JSE: FCR)

Notice of General Meeting and Explanatory Memorandum

Further to the announcement released on 20 June 2012, the Company has today dispatched to shareholders a copy of the Notice of General Meeting and Explanatory Memorandum and Independent Expert's Report, copies of which may be found on the Company's website www.ferrumcrescent.com.

The General Meeting of Shareholders is to be held at 11:00am (Perth time) on 8 August 2012 at The Celtic Club, 48 Ord Street, West Perth WA 6005.

For more information, please visit www.ferrumcrescent.com or contact:

<i>Australia and Company enquiries:</i>	<i>UK enquiries:</i>
Ferrum Crescent Limited Ed Nealon T: +61 8 9380 9653 Executive Chairman Robert Hair -T: + 61 414 926 302 Managing Director	Ocean Equities Limited (Broker) Guy Wilkes T: +44 (0)20 7786 4370 RFC Ambrian Limited (Nominated Adviser) Richard Morrison T: +44 (0) 20 7634 4700 Jen Boorer T: +44 (0) 20 7634 4700 Newgate Threadneedle (Financial PR) Graham Herring /Beth Harris T: +44(0)20 7653 9850
<i>South Africa enquiries:</i>	Sasfin Capital Leonard Eiser T+27 11 809 7500

FERRUM CRESCENT LIMITED
ACN 097 532 137

NOTICE OF MEETING

Ferrum Crescent Limited
ACN 097 532 137

NOTICE OF GENERAL MEETING

AND

***EXPLANATORY STATEMENT
TO SHAREHOLDERS***

FOR A GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON 8 AUGUST 2012
AT THE CELTIC CLUB, 48 ORD STREET, WEST PERTH WA 6005
AT 11:00am (PERTH TIME)

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay (and no later than 48 hours before the meeting) to Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne Victoria 3001, Australia, or by facsimile on facsimile number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

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NOTICE IS HEREBY GIVEN that a General Meeting of the members of FERRUM CRESCENT LIMITED (“**Ferrum**” or “**the Company**”) will be held on the date and at the location and time specified below:

DATE: 8 August 2012

LOCATION: The Celtic Club, 48 Ord Street, West Perth WA 6005

TIME: 11:00am (Perth time)

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

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

A General Meeting of Shareholders of Ferrum Crescent Limited will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on 8 August 2012 at 11:00am (Perth time).

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

Proxies:

Please note that:

- a. a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b. a proxy need not be a member of the Company;
- c. a Shareholder may appoint a body corporate or an individual as its proxy;
- d. a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- e. a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the total votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company or its

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share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the proxy form enclosed and either:

- a. deliver the proxy form by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia; or
- b. fax the form to Computershare Investor Services Pty Limited on facsimile number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

so that it is received not later than 11:00am (Perth time) on Monday 6 August 2012. Proxy forms received later than this time will be invalid.

Your proxy form is enclosed as a separate document.

CUSTODIAN VOTING

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

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Notice is given that a General Meeting of Shareholders of Ferrum Crescent Limited will be held at 11:00am (Perth time) on 8 August 2012 at The Celtic Club, 48 Ord Street, West Perth WA 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00 pm (Sydney time) on the day which is 2 days before the date of the General Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Although not required by the Listing Rules, the Company engaged an Independent Expert to prepare a report to accompany this Notice in respect of the subject matter of Resolution 1. A copy of that report is attached as Annexure A to the Notice and is provided on the basis that it may contain information that is relevant to Shareholders in deciding how to vote in respect of Resolution 1. **The Independent Expert has concluded that the transactions the subject of Resolution 1 are not fair but are reasonable to holders of the Company's securities whose votes are not to be disregarded in respect of Resolution 1.** The Independent Expert's Report is an important document and you are encouraged to read it in full.

AGENDA

RESOLUTIONS

1. Issue of Shares to South African BEE Partner

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the Company to allot and issue 55,236,144 Shares to Mkhombi AmaMato (Pty) Ltd (including to satisfy the South African Government's requirements regarding participation by historically disadvantaged South Africans in the mining industry) for a total consideration that is the Australian Dollar equivalent of Fifteen Million South African Rand (ZAR15,000,000) and otherwise in the circumstances, and on the terms and conditions, set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Approval to issue shares under the Director and Senior Management Fee and Remuneration Sacrifice Share Plan

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

"That the Company approve for all purposes, including ASX Listing Rule 7.2 Exception 9, the Director and Senior Management Fee and Remuneration Sacrifice Share Plan as described in the Explanatory Statement, and the issue of securities in the Company under that plan."

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Voting Prohibition and Exclusion Statement: To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment on this resolution, if the proxy is either a member of the key management personnel for the Company; or a closely related party of a member of the key management personnel for the Company; and the appointment does not specify the way the proxy is to vote on this resolution. However, this prohibition does not apply if the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company.

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Approval to permit Director participation in Director and Senior Management Fee and Remuneration Sacrifice Share Plan

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

“That the Company approve for all purposes, including ASX Listing Rule 10.14, the issue of securities in the Company to Directors pursuant to the Director and Senior Management Fee and Remuneration Sacrifice Share Plan as described in the Explanatory Statement.”

Voting Prohibition and Exclusion Statement: To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment on this resolution, if the proxy is either a member of the key management personnel for the Company; or a closely related party of a member of the key management personnel for the Company; and the appointment does not specify the way the proxy is to vote on this resolution. However, this prohibition does not apply if the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company.

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Amendment to constitution to facilitate payment of fees by way of share issue

To consider and, if thought fit, to pass the following as a **special resolution**:

“That the Company’s constitution be amended by:

- (a) inserting after the word “paid” in the first line of Clause 11.15 the words “in cash”;*
- (b) inserting after the word “Company” in the first line of Clause 11.15 the words “or in such other manner (including an issue of shares) as may be agreed between the Company and the Directors”;*
- (c) inserting at the end of clause 11.16 the words “unless otherwise agreed”; and*
- (d) inserting after the words “fixed sum” in the third line of Clause 11.17 the words “or in such other manner (including an issue of shares) as may be agreed between the Company and the Directors.”*

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BY ORDER OF THE BOARD



Andrew Nealon
Company Secretary

DATED 29 June 2012

NOTES

A member entitled to vote at this General Meeting is entitled to appoint a proxy to attend and vote for the member at the General Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the General Meeting the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the members votes each proxy may exercise, each proxy may exercise half of the votes. A proxy form is attached to the back of this booklet.

For the purposes of determining voting entitlements at this General Meeting, Shares will be taken to be held by persons who are registered as holding Shares at 7.00pm (Sydney time) on the day which is 2 days before the date of the General Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

The Chairman of the Meeting intends to vote all available proxies in favour of all items of business.

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**EXPLANATORY STATEMENT TO
SHAREHOLDERS**

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Ferrum Crescent Limited in connection with Resolutions to be considered at the General Meeting of members to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 at 11:00am (Perth time) on 8 August 2012.

This Explanatory Statement should be read in conjunction with the accompanying Notice of General Meeting. Please refer to this Explanatory Statement for the glossary of terms.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting. The Chairman of the Meeting intends to vote all available proxies in favour of all items of business.

RESOLUTION 1 - ISSUE OF SHARES TO SOUTH AFRICAN BEE PARTNER

Summary

Mkhombi AmaMato (Pty) Ltd ("**AmaMato**"), the majority shareholder in the Company's new BEE partner (Mkhombi Investments (Pty) Ltd ("**Mkhombi Investments**")), currently has an effective 15.6% ownership interest in the Company's Moonlight Iron Ore Project (the Company's sole project). This interest is held through the ownership of shares in a Company subsidiary¹. It is proposed that AmaMato's shares in Mkhombi Investments and, therefore, AmaMato's current 15.6% interest be exchanged for Shares in the Company equal to 15.6% of the Shares on issue. This Resolution seeks shareholder approval to authorise the issue of Shares to AmaMato to effect this transaction, for the reasons set out below.

The structure of the Company group, both before and after the proposed transaction (the subject of Resolution 1), is depicted in two diagrams below.

Although not required by the Listing Rules, the Company engaged an Independent Expert to prepare a report to accompany this Notice in respect of the subject matter of Resolution 1. A copy of that report is attached as Annexure A to the Notice and may contain information that is relevant to Shareholders in deciding how to vote in respect of Resolution 1. **The Independent Expert has concluded that the transactions the subject of Resolution 1 are not fair but are reasonable to holders of the Company's securities whose votes are not to be disregarded in respect of Resolution 1.** The Independent Expert's report is an important document and you are encouraged to read it in full.

Background

The Company's mineral exploration and development interests are situated in the Republic of South Africa. Accordingly, the Company is subject to the requirements of applicable South African legislation in respect of the

¹ AmaMato holds 60% of Mkhombi Investments, which in turn holds 26% of Turquoise Moon Trading 157 (Pty) Ltd, which holds all of the Company's exploration and mining interests, including the rights to the Moonlight Iron Ore Project. $60\% \times 26\% = 15.6\%$, which is therefore AmaMato's interest in the project.

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involvement in mining projects of historically disadvantaged persons (often referred to in South Africa as “BEE” or “BEE controlled”). In practice, this means that companies seeking to renew existing tenements or apply for grants of new tenements within South Africa must do so in conjunction with a BEE partner.

Mkhombi Investments is a South African incorporated company which meets the requirements of applicable South African legislation in respect of historically disadvantaged persons.

Mkhombi Investments entered into an agreement (on 26 October 2010) to purchase 26% of the shares in the Company’s project holding subsidiary (Turquoise Moon Trading 157 (Pty) Ltd (“TMT”)) from the Company’s former BEE partner. All of the Company’s exploration and development interests are held through TMT. The purchase price for the sale of this 26% interest was ZAR30 million (approximately \$A3.54 million). The South African Department of Mineral Resources expressed its support for the transaction.

The Company’s wholly-owned subsidiary Nelesco 684 (Pty) Ltd (“Nelesco”) holds 28.46% of the shares in Mkhombi Investments and advanced loan funds of ZAR22.5 million to Mkhombi Investments to facilitate the acquisition of the TMT shares from the Company’s former BEE partner. The balance (of the ZAR30 million acquisition price referred to above) was loaned to Mkhombi Investments by AmaMato. On 23 December 2010, the Company announced that this acquisition by Mkhombi Investments (of 26% of the shares in TMT) from the Company’s former BEE partner had completed.

Mkhombi Investments is owned as to 28.46% by Nelesco, 60% by AmaMato, with the balance of 11.54% having been granted as a ‘free carry’ (that is, for no consideration) to a trust representing local communities in the Limpopo Province of South Africa.

AmaMato is, in turn, owned, as to:

- 49% by Janelle Trust (an entity in which Mr Kofi Morna, a director of the Company, has an interest along with other members of his family);
- 35% by Amalungelo Trust (a consortium of non-governmental women’s organisations focussed on projects to advance the rights of women in South Africa); and
- 16% by Matomela Mining Services (which consists of women seeking to participate in the mining sector in line with stated government objectives).

Because of the shareholdings in AmaMato, and the ownership interest held by the local community, Mkhombi Investments satisfies the broad based criteria of the South African Mining and Resources Development Act. The Company’s former BEE partner did not.

The agreements establishing the structure of the new BEE holding also provide for what is known within the Republic of South Africa as the “flip”. This is a mechanism whereby one or more BEE entities convert their equity at the project level into shares at the listed holding company level allowing them to enjoy the benefits of corporate growth (which may involve different projects) and the potential to realise the growth in value of their investment because of the greater liquidity in the holding company’s shares. However, in so doing they also become more exposed to equity market risk (in respect of holding shares in a listed entity) and the risk of dilution (as and when more shares in the listed company are issued pursuant to capital raising activities, or on exercise of options). Such a ‘flip’ arrangement has been undertaken previously by ASX listed entities to comply with South African BEE requirements, and is generally encouraged by the South African authorities.

The Company (and its wholly owned subsidiary Nelesco) have accordingly agreed with AmaMato (the major shareholder of Mkhombi Investments) that:

- Nelesco will purchase AmaMato’s 60 per cent shareholding interest in Mkhombi Investments (together with any and all claims that AmaMato may have against Mkhombi Investments, including with respect to the repayment of the ZAR7.5 million in loan funds referred to above) for ZAR7.5 million (approximately \$A885,000); and
- AmaMato will, for ZAR15 million (approximately \$A1,770,000) in aggregate, subscribe for new Shares in the Company equal to 15.6 per cent of the Shares on issue as at the Closing Date (see below) (the “**Subscription Shares**”), which subscription will take place in two tranches (again, see below).

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The net effect of these transactions (when aggregated with the ZAR7.5 million previously advanced by AmaMato in December 2010) is that AmaMato will acquire an interest of 15.6% in the capital of the Company for a total price of ZAR15 million. The balance of ZAR15 million (to reach the price of ZAR30 million required to buy-out the former BEE partner) will have been contributed by the Ferrum group, and was seen as the price of acquiring a BEE partner that complied with the revised regulatory requirements.

Completion under the transaction documents is subject to certain conditions precedent being fulfilled by 1 November 2012, including:

- grant of a mining right in respect of the Moonlight Iron Ore Project,
- exchange control approval from the South African Reserve Bank; and
- any necessary shareholder approvals.

As discussed above, AmaMato presently holds 60% of Mkhombi Investments, which in turn owns 26% of TMT. This equates to ownership of 15.6% of the Company's exploration and development interests (which are all held through TMT). Thus the 'flip' is intended to result in the exchange of this 15.6% interest in the Company's projects for 15.6% of the Company's Shares.

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The intended implementation of the 'flip' is set out diagrammatically below:

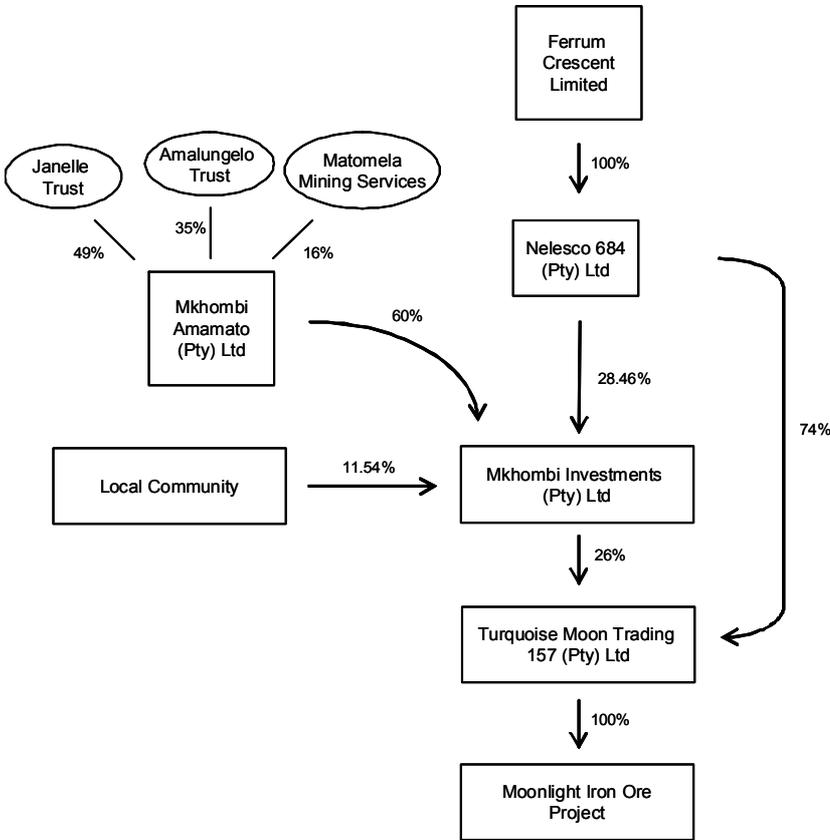


Figure 1: The Company's corporate structure at present (that is, prior to 'flip' transaction). Note that Mr Kofi Morna, a director of the Company, is also a director of each of Mkhombi Investments and Mkhombi AmaMato, and he has an interest in the Janelle Trust together with other family members. Mr Morna's interest in this transaction is described further below.

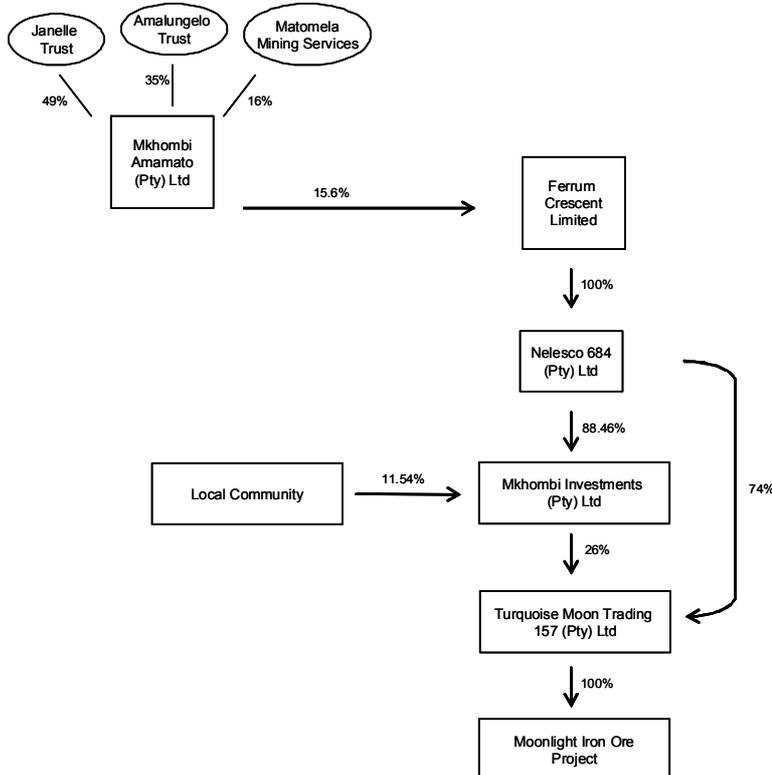


Figure 2: The Company's proposed corporate structure following the completion of the 'flip' transaction

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The transaction documents provide for implementation of the transaction in two stages:

- **Stage one:** Completion of the first stage will take place on the third business day after the last date of fulfilment or waiver of the conditions precedent referred to above (the “**Closing Date**”). On the Closing Date:
 - AmaMato will sell its shares in (and any and all claims it has against) Mkhombi Investments to Nelesco for ZAR7.5 million; and
 - AmaMato will subscribe for 50% of the total number of Subscription Shares for which it is due to subscribe (the “**First Subscription**”) for ZAR 7.5 million (approximately \$A885,000); and
- **Stage two:** AmaMato will subsequently (on or before the later of: (i) the date falling 120 days after the Closing Date; and (ii) 1 November 2012), subscribe for the balance of 50% of the Subscription Shares for which it is due to subscribe (the “**Second Subscription**”) for a further ZAR 7.5 million (approximately \$A885,000).

As announced to ASX on 5 June 2012, the mining right has been granted by the relevant South African authority in respect of the Moonlight project. As a result, the directors currently expect the First Subscription to take place shortly after the meeting, with the Second Subscription to follow. However, given the required regulatory approvals (such as exchange control approval by the South African Reserve Bank), the Company can have no certainty in this regard.

In the event that the conditions precedent referred to above are not fulfilled by 1 November 2012 (or such later date as may be agreed), then AmaMato will have the right, for 60 days, to require Nelesco to purchase all of AmaMato's rights, title and interest in, and all its claims against, Mkhombi Investments for the cash price of ZAR 12.5 million. In these circumstances, AmaMato would have no further interest in the Moonlight project and the Company would be required to find another BEE partner.

Kofi Morna, a Director of the Company, is a director of each of AmaMato and of Mkhombi Investments. The Company initially approached Mkhombi Investments (in August 2010) with a view to it becoming the Company's new BEE partner given the Company's understanding that Mkhombi Investments would meet the required South African regulatory requirements. Mr Morna was appointed as a Director of the Company on 15 October 2010 in connection with, and for the purposes of, the proposed BEE transactions to be entered into by the Company. His appointment to the board of the Company was made only after the conclusion of commercial terms between the parties (which were finalised on 13 October 2010 for the purposes of submission to the South African Department of Mineral Resources for approval). Following formal approval by the South African Department of Mineral Resources to the transaction, the transaction documents were signed by the parties on 4 November 2010. The first board meeting of the Company attended by Mr Morna was on 19 November 2010 (to consider and approve the Company's AIM admission documents).

Mr Morna holds an indirect non-controlling interest in AmaMato. He does not hold any management position in, and does not otherwise control, either AmaMato or Mkhombi Investments. While Mr Morna may obtain a benefit if the transaction (the subject of Resolution 1) proceeds (given his interest in an entity that is a shareholder in AmaMato), the Directors (other than Mr Morna) are entirely comfortable that the dealings between the Company and its BEE partner have been conducted at all times on an arms' length basis and that the transaction reflects arms' length terms (including for the reason that it essentially effects a direct swap of a 15.6% interest at project level for a 15.6% holding in the Company). Mr Morna has taken no part in deliberations by Directors of the Company in respect of the transaction referred to above (and, indeed, as mentioned above, the commercial terms had been finalised prior to Mr Morna's appointment to the board of the Company).

Upon completion of the transactions, the Company will legally own directly and indirectly (through its wholly owned subsidiary, Nelesco, and its 88.46% owned subsidiary, Mkhombi Investments) approximately 97% of TMT. The locally impacted community (via its shareholding of 11.54% in Mkhombi Investments) will hold the balance of approximately 3% in TMT. AmaMato will (as a result of the 'flip' the subject of Resolution 1) own 15.6% of the Company.

Listing Rule 7.1 approval sought

As discussed above, to complete these transactions, the Company will need to issue shares to AmaMato (pursuant to the First Subscription and the Second Subscription). ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month

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period. As the number of Shares that the Company will issue, if completion under the subscription agreement proceeds, will exceed the 15% limit, this Resolution seeks Shareholder approval for the allotment and issue of 55,236,144 Shares in accordance with the terms and conditions of the subscription agreement.

The effect of Resolution 1 will be to allow the Directors to issue the Shares to AmaMato prior to 30 November 2012, without using the Company's 15% annual placement capacity. The Company will only issue Shares in accordance with this Resolution if the Company concludes the subscription agreement and issues shares to AmaMato in exchange for an acquisition (via its subsidiary, Nelesco) of AmaMato's shares in (and any and all claims against) Mkhombi Investments.

Information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed Share issue to AmaMato:

- a. the maximum number of Shares to be allotted and issued with approval pursuant to this Resolution is 55,236,144;
- b. the Shares will be issued no later than 30 November 2012 and it is intended that allotment of the Shares will occur in two equal tranches of 27,618,072 Shares each at a subscription price (for each tranche) of the Australian Dollar equivalent of Seven and a Half Million South African Rand (ZAR7,500,000). This equates to an issue price of approximately ZAR0.272 per Share (approximately \$0.03204 based on current exchange rates). All Shares in each tranche will be allotted on the same date – an approval under Listing Rule 7.1 is usually valid for a period of 3 months from the date of the approval, but the Company has obtained a waiver from ASX extending this to 30 November 2012 (on the basis that the issue is subject to, inter alia, the satisfaction of South African regulatory approvals which are beyond the control of the Company);
- c. the name of the allottee is Mkhombi AmaMato (Pty) Ltd;
- d. the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- e. the Company intends to use the funds raised by the issue of the Shares for working capital purposes and specifically for the purposes of the Moonlight Iron Ore Project and studies in relation thereto.

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 1 is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company has discussed the approval (the subject of Resolution 1) with ASX and received confirmation that a Listing Rule 10.1 approval is not required in respect of it. The Company is instead (to the extent required) relying upon the exception provided by the fifth limb of Listing Rule 10.3 – namely that although Mr Morna has been appointed as a director of the Company prior to the transactions contemplated by this Resolution 1 being implemented, he has been appointed (and has therefore become a related party of the Company) by reason only of such transactions (the terms of which were concluded prior to his appointment). Nevertheless, the Company engaged HLB Mann Judd to act as Independent Expert for the purposes of preparing a report to accompany the Notice of Meeting. Although not required by the Listing Rules, a copy of the Independent Expert's Report is attached to the Notice as Annexure A and is provided on the basis that it may contain information that is relevant to Shareholders in determining how to vote on Resolution 1. The Independent Expert has concluded that the transactions (the subject of Resolution 1, as described above) **are not fair but are reasonable** to holders of the Company's securities whose votes are not to be disregarded in respect of Resolution 1. The Independent Expert's Report is an important document and you are encouraged to read it in full.

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The Directors (other than Mr Morna who abstains from making any recommendation in relation to this Resolution) recommend that shareholders vote in favour of Resolution 1.

RESOLUTIONS 2 AND 3 - APPROVAL TO ISSUE SHARES UNDER DIRECTOR AND SENIOR MANAGER FEE AND REMUNERATION SACRIFICE SHARE PLAN

Background

The Board has recently established a Director and Senior Management Fee and Remuneration Sacrifice Share Plan (“Plan”) under which Directors and Senior Managers of the Company who are eligible to be offered shares without prospectus disclosure (“Senior Managers”) may elect to sacrifice part or all of their directors’ fees or executive remuneration to acquire Shares in the Company. The (relevant) Director or Senior Manager will receive the remainder of their directors’ fees or executive remuneration (if any) in cash. The Plan helps to: (i) align the interests of Directors and Senior Managers with those of shareholders by encouraging Director and Senior Manager Share ownership; and (ii) (where such Shares are newly issued) preserve cash (in circumstances where such fees would otherwise be payable to Directors and Senior Managers in the form of cash).

This Plan relates to both:

- the fees that each eligible participant is entitled to receive by virtue of holding office as a Director (including any fees due as a result of sitting on one or more Board committees); and
- remuneration for services in connection with any executive or management office held,

(collectively “Fees”).

Both of Resolutions 2 and 3 relate to this Plan (and seek different regulatory approvals in respect of it).

Approvals sought

As discussed in respect of Resolution 1 above, ASX Listing Rule 7.1 restricts companies from issuing equity securities exceeding 15% of their issued capital in any 12 month period without shareholder approval, unless an exception applies.

The exceptions to Listing Rule 7.1 are contained in Listing Rule 7.2. One of these (exception 9) relates to issues under an employee share plan that has been approved by shareholders within three years before the date of issue. Approval of the Plan for this purpose is the subject matter of Resolution 2.

In addition, under Listing Rule 10.14, specific shareholder approval is required for the Company to issue Shares to Directors under the Plan. That approval is sought pursuant to Resolution 3.

If Resolution 2 is approved, but Resolution 3 is not, then Directors will not be able to participate in the Plan (but other members of Senior Management of the Company will). If Resolution 3 is approved but Resolution 2 is not, then both Directors and Senior Management will be able to participate in the Plan, but such Shares will (on issue) count towards the Company’s 15% placement capacity under Listing Rule 7.1. If neither Resolution 2 nor Resolution 3 is passed, then only Senior Management of the Company (and not Directors) will be able to participate in the Plan and any Shares issued will count towards the Company’s 15% placement capacity under Listing Rule 7.1

If approved at the General Meeting, any Shares issued pursuant to the approvals in Resolutions 2 and 3 must be issued within three years of the date of the General Meeting.

As required by the Listing Rules (including Listing Rules 7.2 (exception 9) and 10.15A), and to assist shareholders in considering these resolutions, the Company provides the following information.

FERRUM CRESCENT LIMITED

ACN 097 532 137

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Required information

Subject to shareholder approval (as described above), it is proposed that present and future Directors and Senior Managers who are offered the opportunity to participate in the Plan from time to time be able to elect to sacrifice part or all of their Fees to acquire Shares in the Company under the Plan. If Resolution 3 is approved, it is anticipated that participation in the Plan will be made available to the Directors (including Executive Directors) immediately. Offers to participate may be extended to Senior Managers in the future as the Board considers appropriate.

The principal terms of the Plan are as follows:

Participation: Participation in the Plan is voluntary. All Directors in office from time to time are eligible to participate (unless participation by a Director would be contrary to law or be unduly onerous, for example would result in the Company becoming obliged to prepare, lodge or issue a prospectus or disclosure document in any jurisdiction and the Board considers it would be onerous or impractical for the Company to do so in the circumstances). Offers to participate may be extended to Senior Managers in the future as the Board considers appropriate. In the event that a Director or Senior Manager elects to participate in the Plan for a specified period, participation at the elected level will be mandatory for that period.

Currently there are six Directors who are each eligible to participate: Ed Nealon (Chairman and executive director), Robert Hair (Managing Director), Klaus Borowski (non-executive director), Kofi Morna (non-executive director), Grant Button (non-executive director) and Ted Droste (non-executive director).

Commencement date: Subject to the necessary approval by shareholders of this Plan, the commencement date will be 1 April 2012. Ed Nealon has indicated that he will participate as to 100% of his Fees from this date, and Robert Hair has indicated that he will participate as to approximately 77.27% of his Fees from this date. In each case, the Director has elected to participate for a period of one year. The Remaining Directors have not yet indicated whether they will participate.

Minimum and maximum participation: Participating Directors and Senior Managers may elect to sacrifice between a minimum of 10% and a maximum of 100% of their annual directors' fee and executive remuneration (as applicable). The Plan does not extend to amounts payable in respect of GST. If the Company is liable to pay GST to participating Directors and/or Senior Managers in respect of the provision of services, then it will continue to do so in cash.

In addition, the Board has determined that participation in the Plan by Executive Directors should be capped at a maximum (aggregate) level of \$350,000 per annum. Should the Company ever receive applications from Executive Directors that (in aggregate) exceed this annual cap, participation by Executive Directors will be scaled back on a pro-rata basis (by reference to the level of participation requested by each Executive Director) so that the maximum aggregate level of participation is no greater than \$350,000 in any year. The Board has also determined that it will not seek to alter this limit of \$350,000 per annum (for participation in the Plan by Executive Directors) without seeking shareholder approval.

Timing of acquisition: Entitlement to Shares will accrue on a monthly basis (and the cash value of Shares to be so acquired will be determined at the end of each month). Directors and Senior Managers will acquire Shares so accrued on dates determined by the Board from time to time but generally no later than once yearly in arrears. This can be extended where the Company's share trading policy (or another legal impediment) restricts an issue of shares at that time. The Board currently envisages providing such Shares to Directors and Senior Managers annually at a period that accords with the Company's share dealing and other policies and provided that such Directors and Senior Managers are not in possession of inside information. The Shares will either be issued by the Company or purchased on-market (as described further below). The Board believes it is more likely that Shares will be newly issued, but the Plan does permit the acquisition of Shares on market for flexibility.

Number of shares: The number of Shares which may be acquired by Directors and Senior Managers pursuant to the Plan cannot be precisely calculated at this time, as it will depend on the extent to which each Director and Senior Manager elects to participate in the Plan, and the Company's Share price on ASX at relevant times over the life of the Plan. To determine the number of Shares to be acquired by each participating Director, the dollar value of the Fees sacrificed by the Director to participate in the Plan will be divided by one of the following:

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- If Shares are to be newly issued by the Company - the volume weighted average price for the Shares on ASX for the last 5 trading days of the month to which the relevant fee relates; or
- If Shares are to be purchased on the ASX - the actual average price paid for the Shares so purchased under the Plan (inclusive of all costs incurred by the Company and associated with their acquisition eg. brokerage).

By way of example only:

- **(Non-executive Directors)** shareholders have previously approved a maximum aggregate fee pool for Directors of \$250,000. While current fees are below this amount and while noting that no Non-executive Director has yet elected to participate in the Plan, assuming that:
 - (a) the maximum possible amount is paid to directors, being \$250,000;
 - (b) each Director sacrifices 50% of their directors' fees (representing a total sacrifice of \$125,000 per annum for all Directors); and
 - (c) the market value of Shares at each relevant date (as referred to above) is \$0.05 per share,then over the three year approval period, 2,500,000 Shares per annum will be issued to, or acquired by, the Non-executive Directors collectively. Obviously, any increase in the Company's Share price will have the effect of reducing the number of Shares to be acquired by Directors; and
- **(Executive Directors)** Ed Nealon has indicated that he will participate as to 100% of his Fees and Robert Hair has indicated that he will participate as to approximately 77.27% of his Fees for a period of one year from 1 February. The Fees payable to Mr Nealon and Mr Hair consist exclusively of executive remuneration. Based on Fees currently payable to them, Mr Nealon will sacrifice Fees of \$80,000 and Mr Hair will sacrifice Fees of \$204,000 over the first year of the approval period. Assuming the market value of Shares at each relevant date (as referred to above) is \$0.05 per Share, then over this one year period 5,680,000 Shares will be issued to, or acquired by, Mr Nealon and Mr Hair (in aggregate). Obviously, any increase in the Company's Share price will have the effect of reducing the number of Shares to be acquired by Mr Nealon and Mr Hair.

Although at this time only Ed Nealon and Robert Hair have indicated they will participate, the Plan is open more broadly to Directors and Senior Managers who may also be invited to participate as the Board considers appropriate.

Again, by way of example only, the remuneration details as set out in the Company's 30 June 2011 Annual Report are provided below (as table 1) to give an indication of the director, executive and management cash fees paid in the last financial year to persons who may be eligible to participate in the Plan. Shareholders should note:

- (a) the aggregate cap on participation in the Plan by Executive Directors (referred to above); and
- (b) that the information in the table is historical (and therefore, for example, the amount to be sacrificed by Mr Hair (as described above based on current year entitlements) is different from the historical information for Mr hair set out in the table).

FERRUM CRESCENT LIMITED

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Table 1: Remuneration for the year ended 30 June 2011 (as set out in the Company's Annual Report)

	Short-term benefits		Cash bonus	Post-employment		Share-based payments		Termination payments	Total	Performance related
	Directors fees	Consulting & other fees		Superannuation	Options	Shares*				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors										
Matodzi Nesongozwi (i)	18,000	-	-	-	-	-	-	-	18,000	-
Klaus Borowski	27,012	17,500	-	-	-	46,346	-	-	90,858	-
Fanie Botha (ii)	7,500	126,803	7,395	-	-	46,346	-	51,634	239,678	-
Grant Button (iii)	24,345	-	-	2,191	-	-	58,223	-	84,759	-
Kofi Morna (iii)	25,416	-	-	-	-	46,346	-	-	71,762	-
Ted Droste (iii)	25,416	82,500	-	-	-	46,346	-	-	154,262	-
Total non-executive directors	127,689	226,803	7,395	2,191	185,384	58,223	51,634	659,319		
Executive directors										
Ed Nealon	37,797	-	-	3,402	-	69,867	-	-	111,066	-
Scott Huntly (iv)	167,471	81,908	-	-	-	55,615	-	-	304,994	-
Adrian Griffin (v)	47,992	-	-	3,300	-	-	-	55,050	106,342	-
Robert Hair (vi)	-	164,364	-	-	-	58,223	-	-	222,587	-
Other key management personnel										
Lindsay Cahill	-	90,119	-	-	-	40,755	-	-	130,874	-
Andrew Nealon	-	71,667	-	-	-	23,289	-	-	94,956	-
Robert Van Der Laan (vii)	-	119,147	-	18,822	-	40,755	35,550	-	214,274	-
Vernon Harvey (viii)	-	68,880	-	-	-	-	-	-	68,880	-
Total executives	253,260	596,085	-	25,524	55,615	232,889	90,600	1,253,973		
Totals	380,949	822,888	7,395	27,715	240,999	291,112	142,234	1,913,292		

*Shares issued under the employee share incentive plan are treated as "in substance" options for the purposes of table 3 (set out in the Annual Report).

Notes: (i) resigned on 28 October 2010; (ii) appointed as a director on 28 July 2010 and resigned on 2 March 2011; (iii) appointed Non-executive directors 15 October 2010; (iv) resigned on 4 March 2011; (v) resigned on 1 September 2010; (vi) appointed as Managing Director 13 July 2011; (vii) resigned as Company Secretary on 20 May 2011; and (viii) appointed as Chief Operating Officer 1 April 2011

FCR Notice of GM (080812)

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Shares acquired: Participating Directors and Senior Managers will receive fully paid ordinary shares in the Company that rank equally in all respects with other issued fully paid shares in the Company.

Restriction periods: There will be no restriction period applicable to Shares issued under the Plan.

Acquisition costs: Participating Directors and Senior Managers will bear the cost of on-market acquisitions of Shares under the Plan (such as brokerage). It is not envisaged that there will be any costs where Shares are newly issued. There will be no loan made available to Directors or Senior Managers in relation to the acquisition of Shares under the Plan.

Cash out – restrictions on acquisition of Plan Shares: If the Company's Shares are not able to be acquired for, or allocated to, a participating Director or Senior Manager (eg. because of legal impediments applicable at the time), the sacrificed Fees for the relevant period will either be rolled-over and used to acquire Shares at a more suitable time or alternatively, at the Board's discretion, be paid to the Director or Senior Manager as cash.

Cash out – ceasing to be a director: Where a participating Director or Senior Manager has sacrificed Fees for a period and, before the Shares relating to that period have been acquired, the Director or Senior Manager has ceased to be a Director or Senior Manager of the Company, the Director will instead be paid the cash amount that was sacrificed for the relevant period.

Details of Plan Shares issued

As the Plan is only newly adopted, no Shares have yet been issued or otherwise acquired under it. Details of any Shares issued under the Plan will be published in the Company's Annual Report relating to the period in which Shares have been issued, with a statement that approval for the issue of Shares was obtained under ASX Listing Rule 10.14.

If Resolutions 2 and/or 3 are approved by shareholders, Plan Shares will not be issued after 3 years from the date of the General Meeting without obtaining further shareholder approval.

Waiver of ASX Listing Rules

The Company has obtained the following waivers from ASX in relation to the approval sought under Resolution 3 (to permit Director participation in the Plan):

- A waiver of ASX Listing Rule 10.15A.2 to permit this Notice of Meeting to omit the maximum number of Shares that may be acquired by Directors under the Plan (given that such details cannot be accurately determined at this time); and
- A waiver of ASX Listing Rule 10.15A.8 to permit this Notice of Meeting to state that the Plan applies to the Directors in office from time to time and who become entitled to participate in the Plan (rather than having to set out the names of all such people who may be or become eligible to participate in the Plan).

Recommendation: The Directors, being interested parties, make no recommendation in relation to either resolutions 2 or 3.

RESOLUTION 4 - AMENDMENT TO CONSTITUTION TO FACILITATE PAYMENT OF FEES BY WAY OF SHARE ISSUE

Background

The Company is, out of an abundance of caution, taking the opportunity of the General Meeting to seek to amend its Constitution to make it clear that the Company can agree with directors to pay directors' fees and the remuneration in cash or in a manner other than cash (such as by way of shares issue, as contemplated by the subject matter of Resolutions 2 and 3 above).

FERRUM CRESCENT LIMITED
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NOTICE OF MEETING

Approval sought

In order for the above change to become effective, Resolution 4 will need to be passed by a special resolution (that is, by at least 75% of the votes cast by members entitled to vote on the resolution).

Recommendation: The Directors, believe that the proposed amendment to the constitution will provide additional flexibility in future and therefore recommend that shareholders vote in favour of this resolution.

GLOSSARY

General Meeting or Meeting	means the meeting convened by the Notice of Meeting.
ASX	means Australian Securities Exchange.
ASX Listing Rules	means the official listing rules of ASX.
Board	means the current board of directors of the Company.
Company	means Ferrum Crescent Limited A.C.N. 097 532 137.
Corporations Act	means the <i>Corporations Act 2001 (Cth)</i> .
Directors	means the current directors of the Company from time to time.
Explanatory Statement	means the explanatory statement accompanying the Notice of Meeting.
Ferrum or Ferrum Crescent	means Ferrum Crescent Limited A.C.N. 097 532 137.
Independent Expert	means HLB Mann Judd Corporate (WA) Pty Ltd.
Independent Expert's Report	means the report of the Independent Expert (in respect of the subject matter of Resolution 1) attached as Annexure A to this Notice.
Notice of Meeting	means this notice of general meeting including the Explanatory Statement.
Plan	means the Director Fee Sacrifice Share Plan the subject of Resolutions 2 and 3.
Resolution	means a resolution set out in the Notice of Meeting.
Security	means a Share or an Option and Securities has a corresponding meaning.
Share	means a fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning.
Shareholder	means a holder of Shares in the Company.
WST	means Western Standard Time as observed in Perth, Western Australia.
\$ or \$A	means Australian dollars.
\$ZAR	means South African Rand.

ANNEXURE A - INDEPENDENT EXPERT'S REPORT



Mann Judd Corporate (WA) Pty Ltd
ACN 008 878 555

Licensed Investment Adviser

Independent Expert's Report

Ferrum Crescent Limited



Mann Judd Corporate (WA) Pty Ltd

ACN 008 878 555

Licensed Investment Adviser

FINANCIAL SERVICES GUIDE

Dated 1 July 2011

1. HLB Mann Judd Corporate (WA) Pty Ltd

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 (“HLB Mann Judd Corporate” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No. 250903**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services;
- superannuation; and
- debentures, stocks or bonds issued or proposed to be issued by a government.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HLB Mann Judd Corporate, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HLB Mann Judd Corporate has no employees. All personnel who complete reports for HLB Mann Judd Corporate are partners of HLB Mann Judd (WA Partnership). None of those partners are eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HLB Mann Judd Corporate is wholly owned by HLB Mann Judd (WA Partnership). Also, our directors are partners in HLB Mann Judd (WA Partnership). Ultimately the partners of HLB Mann Judd (WA Partnership) own and control HLB Mann Judd Corporate.

From time to time HLB Mann Judd Corporate or HLB Mann Judd (WA Partnership) may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1. Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (WA) Pty Ltd, Level 4, 130 Stirling Street, Perth WA 6000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOS”). FOS independently and impartially resolves disputes between consumers, including some small business, and participating financial services providers.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.



Mann Judd Corporate (WA) Pty Ltd
ACN 008 878 555

Licensed Investment Adviser

29 June 2012

The Directors
Ferrum Crescent Limited
Unit 2, Level 1 Churchill Court
331-335 Hay Street
SUBIACO WA 6008

Dear Sirs

INDEPENDENT EXPERT'S REPORT

INTRODUCTION

On 4 November 2010 Ferrum Crescent Limited ("Ferrum" or the "Company") entered into a series of agreements with Mkhombi Amamoto (Proprietary) Limited ("Amamoto") to convert Amamoto's interest in a project controlled by the Company to shares in the Company. A summary of the terms of these agreements is set out in Section 3 of this Report.

STRUCTURE OF REPORT

This report has been divided into the following sections:

1. Summary and opinion
2. Purpose of the Report
3. Outline of the agreements
4. Adopted basis of evaluation
5. Profile of Ferrum
6. Assessment of the Agreements on the mining tenements held by the Company
7. Assessment of the Agreements on the other assets and liabilities of the Company
8. Assessment of whether the Agreements are fair
9. Assessment of whether the Agreements are reasonable
10. Sources of information
11. Qualifications, Declarations and Consents

1. SUMMARY AND OPINION

1.1 Fairness

Set out in the tables below is a comparison of our assessment of the interest in the assets of the Company of the Existing Shareholders of the Company both before and after the Agreements with Amamoto.

Interest of the Existing Shareholders in the Company's mining tenement interests

Interest in the Company's mining tenements prior to the Agreements	81.40%
Interest in the Company's mining tenements subsequent to the Agreements	81.87%

Interest of the Existing Shareholders in the Company's net assets other than mining tenement interests

Interest in the Company's other assets and liabilities prior to the Agreements	9,340,175
Interest in the Company's other assets and liabilities subsequent to the Agreements	<u>8,630,048</u>
Reduction in interest	<u>\$ 710,127</u>

The effect of the Agreements would be that:

- i) **in respect of the Company's mining tenement interests, the Existing Shareholders of the Company would have a marginally greater interest; and**
- ii) **in respect of the Company's other assets and liabilities, the interest of Existing Shareholders would reduce by \$710,127.**

Accordingly, it is our opinion that the Agreements are not fair.

1.2 Reasonableness

We have considered the analysis in Section 9 of this report, in terms of both the advantages and disadvantages of the Agreements and the position of the Existing Shareholders if the Agreements were to proceed.

In our opinion, the position of the Existing Shareholders if the Agreements were to proceed is more advantageous than if the Agreements were not approved by the Existing Shareholders.

1.3 Opinion

We are of the opinion that the Agreements are not fair but are reasonable to Ferrum's Existing Shareholders.

2. PURPOSE OF THE REPORT

2.1 General

The ASX Listing Rule 10.1 requires an entity to obtain the approval of shareholders if it acquires a substantial asset from, or disposes of a substantial asset to, certain specified persons, including a related party or a person whose relationship with the company is such that in ASX's opinion shareholder approval should be sought. An asset is deemed substantial if its value, or the value of the consideration paid, is 5% or more of the equity interest of the entity. If Listing Rule 10.1 applies, Listing Rule 10.10 requires the shareholders' meeting notice required under Listing Rule 10.1 to include a report on the transaction from an independent expert. The independent expert's report must state whether, in the expert's opinion, the transaction is fair and reasonable to the shareholders not associated with the transaction.

Listing Rule 10.1 has potential application to the Agreements given that Mr Kofi Morna is a director of the Company and is also a director of and has an interest in the shareholding of Amamoto. However, for the reasons set out in the Explanatory Memorandum that this Report will accompany (and, in particular, because of the exception in the fifth limb of Listing Rule 10.3), Listing Rule 10.1 approval is not being sought in respect of the transactions the subject of the Agreements. Nevertheless, the directors of Ferrum have requested HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") to prepare a report which would satisfy this requirement and to assist shareholders in their consideration of the proposed transaction.

We understand this report will accompany an Explanatory Memorandum to be sent to shareholders of Ferrum, who will be asked to vote on the proposed transaction at a general meeting of Ferrum to be held on or about 8 August 2012. This report is not intended for, nor should it be used for any other purpose without our prior written consent.

2.2 Regulatory guidance

We have prepared this Report having regard to the Australian Securities and Investments Commission ("ASIC") releases.

In determining the fairness and reasonableness of the Agreements, we have had regard to ASIC Regulatory Guide 111 "Content of expert reports", which states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (in this case, the value of the Ferrum shares) (*fairness*) and an examination to determine whether there are sufficient reasons for security holders to accept the offer despite an offer not being fair (*reasonableness*).

The concept of *fairness* is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in this offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" (in this case, 100% of Ferrum) and irrespective of whether the consideration is scrip or cash.

ASIC Regulatory Guide 111 states that an offer is reasonable if it is fair. An offer may also be reasonable, despite it not being fair, if there are significant factors which in the expert's opinion shareholders should consider in accepting the offer.

RG 111 also suggests that where the Agreement is a control transaction the expert should focus on the substance of the control transaction, rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis that is consistent with a takeover bid. Under the Agreements, Amamoto will acquire a 15.6% interest in the issued capital of the Company. We note that neither Amamoto, Mr Morna nor his related parties currently have any shareholding in the Company. Accordingly, in our opinion the Agreements are therefore not a control transaction as defined by RG 111.

We have also had regard to ASIC Regulatory Guide 112 "Independence of experts".

3. OUTLINE OF THE AGREEMENTS

On 4 November 2010, Ferrum entered into a series of agreements with Amamoto to convert Amamoto's interest in a subsidiary entity holding the Company's major project to shares in the Company. Some details of these agreements are set out in the Explanatory Memorandum.

The principal conditions of these agreements are as follows:

- i) under a "Mkhombi Sale Agreement", the Company (through a wholly owned subsidiary) will purchase Amamoto's 60% interest in the shareholding of Mkhombi Investments (Proprietary) Ltd ("Mkhombi Investments") and all Amamoto's claims against Mkhombi Investments for an aggregate of ZAR 7.5 million (approximately A\$885,000);
- ii) under a "Ferrum Crescent Subscription Agreement", Amamoto will, for ZAR15 million (approximately A\$1,770,000), subscribe for new Shares in the Company equal to 15.6% of the shares on issue of the Company; and
- iii) under a "Put Option Agreement", in the event that the conditions precedent referred to in the Mkhombi Sale Agreement and/or the Ferrum Crescent Subscription Agreement are not fulfilled by 1 November 2012, (or such other date as the parties agree) such that either or both of these agreements lapse, Amamoto will have the right, for 60 days, to require the Company (through a wholly owned subsidiary) to purchase all of Amamoto's rights, title and interest in, and all its claims against, Mkhombi Investments for the cash price of ZAR 12.5 million (approximately A\$1,475,000) rather than the ZAR 7.5 million in i) above. In this circumstance, Amamoto would have no further interest in the Company or Mkhombi Investments and the Company would be required to find another BEE partner.

The agreements in i) and ii) above ("Agreements") have the net effect of the Company purchasing Amamoto's interest in Mkhombi Investments and receiving cash of ZAR 7.5 million in exchange for Amamoto receiving a 15.6% interest in the Company.

4. ADOPTED BASIS OF EVALUATION

4.1 Fairness

We have assessed whether the Agreements are fair as follows:

- i) in relation to the respective interests held by the Existing Shareholders of the Company and Amamoto in the mining tenements controlled by a subsidiary entity of the Company, we have assessed the impact of the Agreements on the respective interests held in those mining tenements; and

- ii) in relation to the value of the interest of Existing Shareholders in the assets and liabilities of the Company other than the mining tenements in i) above, we have assessed the impact of the Agreements on the Existing Shareholders' interests in those assets and liabilities.

4.2 Reasonableness

We have assessed the reasonableness of the Agreements by considering other advantages and disadvantages of the Agreements to the Existing Shareholders.

4.3 Individual circumstances

We have evaluated the Agreements for Ferrum shareholders as a whole. We have not considered the effect of the Agreement on the particular circumstances of individual shareholders. Due to their particular circumstances, individual shareholders may place a different emphasis on various aspects of the Agreements from those adopted in this Report. Accordingly, individual shareholders may reach different conclusions to ours on whether the Agreements are fair and reasonable. If in doubt, shareholders should consult an independent adviser.

4.4 Limitations and Reliance on Information

HLB's opinion is based on economic, share market, business trading and other conditions and expectations prevailing at the date of this Report. These conditions can change significantly over relatively short periods of time. If these conditions did change materially the valuations and opinions could be different in these changed circumstances.

This report is also based upon financial information and other information provided by Ferrum. HLB has considered and relied upon this information. HLB has no reason to believe that any material facts have been withheld. The information provided to HLB has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Agreement is fair and reasonable. However, in preparing reports such as this, time is limited and HLB does not warrant that its enquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion as to fairness and reasonableness is more in the nature of an overall review rather than a detailed audit or investigation.

An important part of the information used in forming an opinion of the kind expressed in this Report is comprised of the opinions and judgment of management. This type of information was also evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or valuation.

Preparation of this Report does not imply that HLB has audited in any way the records of Ferrum. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years except as otherwise noted.

The information provided to HLB included historical financial information for Ferrum. Ferrum is responsible for this information. HLB has used and relied on this information for the purpose of analysis. HLB has assumed that this information was prepared appropriately and accurately based on the information available to management at the time and within the practical constraints and limitations of such information. HLB has assumed that this information does not reflect any material bias, either positive or negative. HLB has no reason to believe otherwise.

5. PROFILE OF FERRUM

5.1 Company History

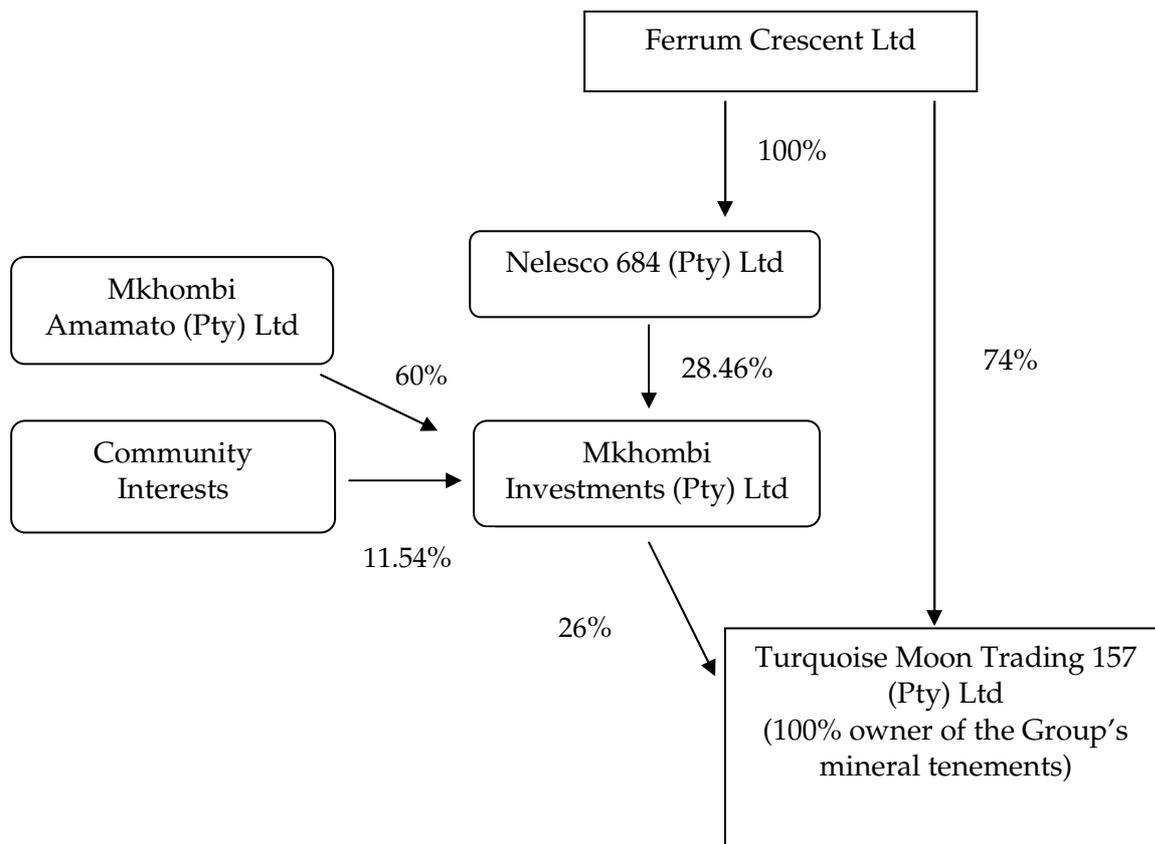
Ferrum was incorporated on 18 July 2001 and was admitted to the Official List of ASX on 14 November 2005 under the name of Washington Resources Ltd. The Company changed its name to Ferrum Crescent Limited on 22 December 2009.

5.2 Assets

The Company's assets comprise predominantly cash and mineral exploration properties, primarily the Moonlight Iron Ore Project in the Limpopo province in South Africa. An extract of the Company's latest audited financial statements is shown at Section 5.8 of this Report.

5.3 Legal Structure

Ferrum is a company incorporated and domiciled in Australia. The Company has a number of subsidiaries which are disclosed in the Company's 2011 Annual Report (Note 23). Following is a diagrammatic representation of the principal companies and minority interests within the Ferrum group prior to the effect of the Agreements that are the subject of this Report.



5.4 Management and Personnel

The Company's current directors and management are:

Mr Ed Nealon	Executive Chairman
Mr Klaus Borowski	Non-Executive Director
Mr Grant Button	Non-Executive Director
Mr Kofi Morna	Non-Executive Director
Mr Ted Droste	Non-Executive Director
Mr Robert Hair	Managing Director
Mr Andrew Nealon	Company Secretary

5.5 Capital Structure and Shareholders

At the date of this Report, Ferrum had the following securities on issue:

Shares:

	Number
Fully paid ordinary shares	292,246,705
Ordinary shares issued under employee share plan	6,595,000
	<u>298,841,705</u>

Options:

Expiry date	Exercise price (cents)	Number
31 December 2013	40.0	21,496,727
7 December 2013	19.8	2,950,000
		<u>24,446,727</u>

Escrow provisions

No securities are held in escrow as at the date of this report.

Market Capitalisation

The closing price of the Company's shares on the ASX at the date of preparation of this report was 5 cents per share, giving the Company a market capitalisation of approximately \$15 million.

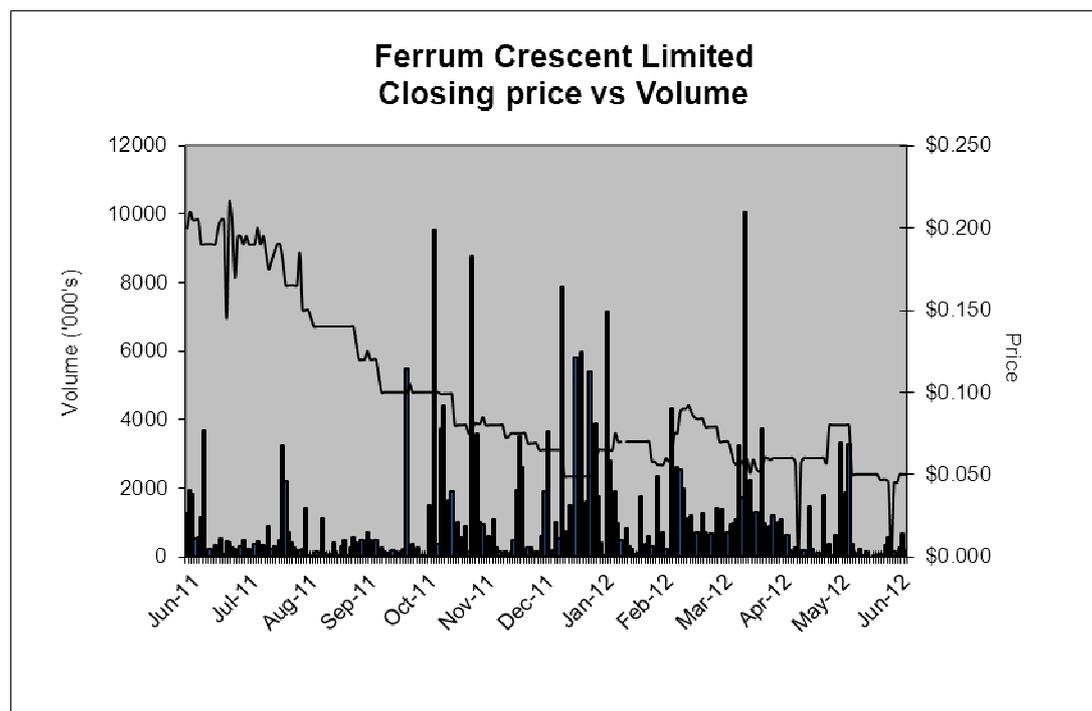
Top 20 shareholders

The top 20 shareholders at the date of preparation of this Report are set out below.

Shareholder	Number of Shares	% of total shares on issue
Goldman Sachs Securities (Nominees)	31,989,341	10.90
Barclay Share Nominees Limited	19,944,845	6.80
National Nominees Limited	17,398,390	5.93
Vestra Nominees Limited	10,549,164	3.59
HSBC Custody Nominees (Australia) Pty Ltd	8,901,754	3.03
Apollinax Inc	7,184,203	2.45
Rathbone Nominees Limited	6,807,739	2.32
The Bank of New York (Nominees) Limited	6,250,000	2.13
Nutraco Nominees Limited	5,205,725	1.77
Padstock Limited	4,809,763	1.64
JP Morgan Nominees Australia Limited	4,655,498	1.59
TD Direct Investing Nominees (Europe)	4,519,508	1.54
Citicorp Nominees Pty Limited	2,955,425	1.01
Vestra Nominees Limited	2,815,154	0.96
Roy Nominees Limited	2,807,000	0.96
Sorrel Enterprises Limited	2,750,000	0.94
Goldman Sachs International	2,750,000	0.94
Vestra Nominees Limited	2,561,565	0.87
Pershing Nominees Ltd	2,560,000	0.87
NEFCO Nominees Pty Ltd	2,370,000	0.81
	149,785,074	51.05

5.6 Share Price Performance

Ferrum's share price movements on the ASX in the 12 months to the date of preparation of this Report, together with volumes traded are presented in the graph below:



The following facts are worthy of note in relation to the above:

- (a) the Company's share price has trended downwards from a high of 21 cents per share in June 2011 to a low of approximately 5 cents per share in June 2012;
- (b) the most recent share price at the date of preparation of this Report is 5 cents per share; and
- (c) the Company's shares are widely traded with approximately 253 million shares being traded in the 12 months prior to this Report. This represents approximately 87% of the Company's tradable issued capital.

5.7 Financial Performance

Extracts of the Company's audited financial results for the years ended 30 June 2010 and 30 June 2011 are set out below:

	Audited Year to 30 June 2011 \$	Audited Year to 30 June 2010 \$
Revenue	149,717	15,960
Other income	1,265,242	5,378
Revenue and other income	1,414,959	21,338
Administration expenses	(3,523,878)	(2,325,649)
Occupancy expenses	(173,271)	(106,055)
Loss on revaluation of financial liability	(1,623,385)	-
Exploration expenditure	(3,014,345)	(1,282,190)
Foreign exchange gain / (loss)	479,656	(118,821)
Share based payments	(1,701,530)	-
Goodwill on consolidation written off	-	(2,019,188)
Impairment of available for sale investments	-	(1,573,981)
Loss before income tax	(8,141,794)	(7,404,546)
Income tax benefit / (expense)	-	-
Net loss after income tax	(8,141,794)	(7,404,546)
Other comprehensive income		
Foreign currency translation gain	4,397	26,235
Net fair value gains on available for sale investments	665,242	-
Income tax on items of other comprehensive income	(199,573)	-
Release of unrealised gains reserve on disposal of available for sale investments (net of tax)	(465,669)	-
Other comprehensive income (net of tax)	4,397	26,235
Total comprehensive loss for the period	(8,137,397)	(7,378,311)
Loss for the period is attributable to:		
Non-controlling interest	-	-
Owners of the parent	(8,141,794)	(7,404,546)
	(8,141,794)	(7,404,546)
Total comprehensive loss for the period attributable to:		
Non-controlling interest	-	-
Owners of the parent	(8,137,397)	(7,378,311)
	(8,137,397)	(7,378,311)

5.8 Financial Position

Extracts of the audited statements of financial position as at 30 June 2010, and 30 June 2011 are set out below:

	Audited 30 June 2011 \$	Audited 30 June 2010 \$
Assets		
Current assets		
Cash and cash equivalents	8,116,009	529,225
Receivables	283,725	141,790
Available-for-sale investments	-	909,678
Other financial assets	42,842	-
Prepayments	31,580	-
Total current assets	8,474,156	1,580,693
Non-current assets		
Plant and equipment	146,913	7,578
Total non current assets	146,913	7,578
Total assets	8,621,069	1,588,271
Liabilities		
Current liabilities		
Trade and other payables	2,099,706	550,024
Financial liability	8,416,623	-
Provisions	6,794	10,474
Loans and borrowings	50	11,246
Total current liabilities	10,523,173	571,744
Total liabilities	10,523,173	571,744
NET (LIABILITIES) ASSETS	(1,902,104)	1,016,527
Equity		
Contributed equity	27,392,728	12,146,950
Accumulated losses	(20,517,734)	(12,375,940)
Reserves	(8,777,098)	1,245,517
PARENT INTEREST	(1,902,104)	1,016,527
NON-CONTROLLING INTEREST	-	-
TOTAL EQUITY	(1,902,104)	1,016,527

5.9 Tax Losses

At 30 June 2011, the Company had a net deferred tax asset of \$3,823,101 relating primarily to the benefit of income tax losses. This asset is not included in the statement of financial position in Section 5.8 of this Report.

6. ASSESSMENT OF THE AGREEMENTS ON THE MINING TENEMENTS HELD BY THE COMPANY

6.1 Assessment Summary

HLB has assessed that if the Agreements are approved by shareholders, the interest of the Existing Shareholders in the Company's mineral tenements will increase from 81.4% to 81.87%.

6.2 Calculation of Existing Shareholders' interests in mineral tenements

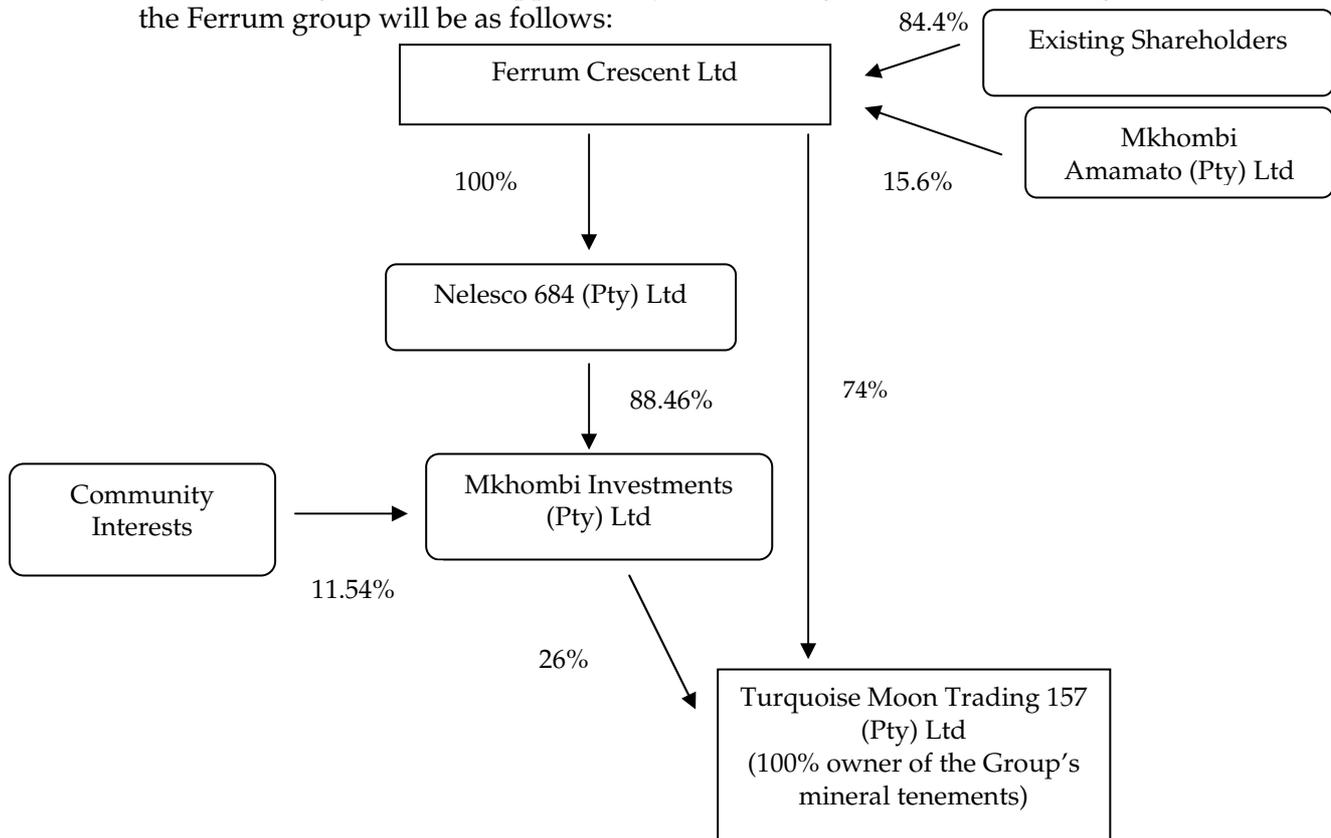
Set out in section 5.3 of this report is the legal structure of the Ferrum group prior to the Agreements.

Under this structure, Existing Shareholders have the following interest in the Company's mineral tenements:

	%
Direct interest	74.00
Indirect interest (28.46% of Mkhombi Investments, which holds 26% of Turquoise Moon)	7.40
TOTAL INTEREST	81.40

In addition to this shareholding interest, existing shareholders have an interest in the tenements by way of loans from Ferrum group companies to Turquoise Moon Trading 157 (Pty) Ltd. At 31 December 2011, these loans totalled to R33,339,661 (approximately \$4.166 million). The impact of the Agreements on Existing Shareholders' interests in these loans is assessed in Section 7 of this report.

Should the Agreements be approved by the Existing Shareholders the legal structure of the Ferrum group will be as follows:



Under this structure, Existing Shareholders will have the following interest in the Company's mineral tenements:

	%
Direct interest (84.4% of 74%)	62.46
Indirect interest (84.4% of 88.46% of Mkhombi Investments, which holds 26% of Turquoise Moon)	19.41
TOTAL INTEREST	81.87

Should the Existing Shareholders approve the Agreements, their interest in the company's mineral tenements will increase from the current 81.4% to 81.87%.

7. ASSESSMENT OF THE AGREEMENTS ON THE OTHER ASSETS AND LIABILITIES OF THE COMPANY

Our assessment of the impact of the Agreements on the Existing Shareholders' interests in the assets and liabilities of the Company, other than the mineral tenements in 6 above, is set out in our calculations below.

In assessing this matter, we have utilised the Company's auditor reviewed statement of financial position as at 31 December 2011 and calculated the net assets attributable to Existing Shareholders both before and after the Agreements.

Statement of Financial Position	Note	Auditor reviewed 31 December 2011 \$	Existing Shareholders interest – prior to Agreements \$	Existing Shareholders interest – subsequent to Agreements \$
Current Assets				
Cash	1	4,671,638	4,671,638	5,556,638
Trade and other receivables	2	191,854	485,854	485,854
Prepayments		216,175	216,175	216,175
Total Current Assets		<u>5,079,667</u>	<u>5,373,667</u>	<u>6,258,667</u>
Non Current Assets				
Plant and equipment		123,941	123,941	123,941
Total Non Current Assets		<u>123,941</u>	<u>123,941</u>	<u>123,941</u>
Total Assets		<u>5,203,608</u>	<u>5,497,608</u>	<u>6,382,608</u>
Liabilities				
Current Liabilities				
Trade and other payables		90,433	90,433	90,433
Minority purchase obligation	3	873,750	-	-
Financial liability	3	957,713	-	-
Total Current Liabilities		<u>1,921,896</u>	<u>90,433</u>	<u>90,433</u>
Total Liabilities		<u>1,921,896</u>	<u>90,433</u>	<u>90,433</u>
Net Assets		3,281,712	5,407,175	6,292,175
Loans to Turquoise Moon Trading 157 (Pty) Ltd	4	3,933,000	3,933,000	3,933,000
Adjusted Net Assets		7,214,712	9,340,175	10,225,175
Existing Shareholders' Interest therein (%)			100%	84.4%
Existing Shareholders' Interest therein (\$)			9,340,175	<u>8,630,048</u>
Reduction in Existing Shareholders' interest if the Agreements proceed				<u>710,127</u>

We have made the following adjustments to the net assets in determining our assessment:

1. Cash and cash equivalents

Under the Agreements, Amamoto will contribute a net ZAR7.5 million to the Company by way of cash. We have increased the Company's cash balance by \$885,000 using the foreign exchange rate at the date of preparation of this report to reflect this transaction.

2. Receivable - \$294,000

Included in the Company's fully paid ordinary shares for the purposes of the calculation of Amamoto's 15.6% interest in the Company is the 6,595,000 ordinary shares issued under the Company's employee share plan. As the Company is yet to receive or otherwise record as an asset the proceeds from these employee share plan shares, we have increased the Company's receivables by \$294,000. This amount represents the net present value of the proceeds receivable under the employee share plan loans calculated using the Company's share price at the date of the preparation of this Report.

3. Minority purchase obligation (\$873,750) and Financial liability (\$957,713)

These liabilities both relate to the recording of transactions under the Agreements that are the subject of this Report. Full details of the accounting treatment adopted by the Company are provided in the Company's 2011 Annual Report and half-yearly report for the period 1 July 2011 to 31 December 2011. In our opinion, as these liabilities relate to the recording of transactions under the Agreements they should be disregarded in assessing the position of Existing Shareholders if the Agreements do not proceed.

Similarly, in our opinion, these liabilities should be disregarded in assessing the impact on Existing Shareholders if the Agreements proceed as the Company's obligations under the Agreements can be settled by way of the issue of shares (which is reflected in our assessment by the interests of Existing Shareholders being reduced from 100% to 84.4%) in exchange for net cash of ZAR7.5 million (refer 1 above).

4. Loan to Turquoise Moon Trading 157 (Pty) Ltd

At 31 December 2011, Ferrum Group companies had advanced ZAR33,339,661 (approximately A\$3,933,000) to Turquoise Moon Trading 157 (Pty) Ltd ("TMT"). As repayment of these loans would take priority to any return to shareholders of TMT it is necessary to assess the impact of the Agreements on Existing Shareholders' interests in these loans. We have assessed the financial impact of the Agreements on these loans by comparing Existing Shareholders' interests in these loans prior to and subsequent to the Agreements.

8. ASSESSMENT OF WHETHER THE AGREEMENTS ARE FAIR

Set out in the tables below is a comparison of our assessment of the interest of Existing Shareholders in the assets of the Company both before and after the Agreements with Amamoto.

Interest of the Existing Shareholders in the Company's mining tenement interests

Interest in the Company's mining tenements prior to the Agreements (Section 6)	81.40%
Interest in the Company's mining tenements subsequent to the Agreements (Section 6)	81.87%

Interest of the Existing Shareholders in the Company's net assets other than mining tenement interests

Interest in the Company's other assets and liabilities prior to the Agreements (Section 7)	9,340,175
Interest in the Company's other assets and liabilities subsequent to the Agreements (Section 7)	8,630,048
Reduction in interest	\$ 710,127

The effect of the Agreements would be that:

- i) in respect of the Company's mining tenement interests, the Existing Shareholders of the Company would have a marginally greater interest; and**
- iii) in respect of the Company's other assets and liabilities, the interest of Existing Shareholders would reduce by \$710,127.**

Accordingly, it is our opinion that the Agreements are not fair.

9. ASSESSMENT WHETHER AGREEMENTS ARE REASONABLE

Notwithstanding the Agreements not being fair, it is appropriate to consider any other factors in relation to the Agreements. We have identified the following factors in relation to the reasonableness of the Agreements:

Advantages

- If the Company (through Nelesco 684 (Pty) Ltd) does not purchase Amamoto's 60% interest in Mkhombi Investments (Pty) Ltd under the Mkhombi Sale Agreement for ZAR 7.5 million (in circumstances where the Put Option is triggered, as described below), then under the Put Option Agreement Amamoto can require Nelesco to purchase Amamoto's 60% interest for ZAR 12.5 million (refer Section 3 iii) of this Report). The Put Option is capable of exercise for 60 days from the date the Mkhombi Sale Agreement and/or the Ferrum Crescent Subscription Agreement lapses due to non-fulfilment of any condition to which they are subject. Should this Put Option be exercised by Amamoto, an additional consideration of ZAR 5 million (or approximately A\$590,000) would therefore be paid by Nelesco for Amamoto's 60% interest in Mkhombi Investments. Additionally, should the Put Option be exercised, Amamoto would have no obligations under the Ferrum Crescent Subscription Agreement and would cease to have any involvement with the Company or its subsidiary entities. In this circumstance the Company would be required to find another BEE partner. We are advised that this transaction under the Put Option Agreement is not subject to a condition that Shareholder approval be obtained. In the event that Shareholder approval was required and that approval was not given, then under the Put Option Agreement Amamoto would be contractually entitled to claim damages (including damages pursuant to an indemnity in the Put Option Agreement) in respect of any loss incurred as a result.

- The Agreements will raise approximately \$885,000 in cash for the Company. This will give the Company the ability to further develop its assets.
- The Agreements would result in a greater number of the Company's shares being on issue and result in a greater liquidity in the Company's shares, particularly in South Africa where the Company is listed on the JSE but there is limited trading in the Company's shares on the Exchange.
- The Agreements will result in all entities that have an ownership interest in the TMT project (with the exception of community interests) being controlled by the Company. This is likely to result in administrative efficiencies and reduce the complexities of obtaining project funding.
- The Agreements satisfy South African BEE requirements. Should the Agreements proceed, the Company will not be required to identify and enter into agreements to secure a further BEE partner.

Disadvantages

- Existing Shareholders would be disadvantaged by a reduction in their interest held in the net assets of the Group. In Section 7 of this Report we have assessed this reduction to be \$710,127. This reduction would be marginally offset by an increase in the percentage interest in the Company's mineral tenements from 81.4% to 81.87% as explained in Section 6 of this Report.

After consideration of the above matters, we are of the opinion that the Agreements are reasonable to the Company's Existing Shareholders.

10. SOURCES OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Draft notice of General Meeting and explanatory statement concerning the Agreements;
- The Agreements relating to the transactions that are the subject of this report;
- Ferrum's Annual reports for the year ended 30 June 2011;
- Ferrum's Interim Financial Report for the period ended 31 December 2011;
- Discussions with directors, management and legal advisors of Ferrum;
- Publicly available information;
- Share registry information; and
- ASX Announcements concerning the Agreements.

11. QUALIFICATIONS, DECLARATIONS AND CONSENTS

HLB, which is a wholly owned entity of HLB Mann Judd Chartered Accountants, is a Licensed Investment Adviser and holder of an Australian Financial Services Licence under the Act and its authorised representatives are qualified to provide this Report. The authorised representatives of HLB responsible for this Report have not provided financial advice to Ferrum.

Prior to accepting this engagement, HLB considered its independence with respect to Ferrum with reference to ASIC Regulatory Guide 112. In HLB's opinion, it is independent of Ferrum and Amamoto.

This Report has been prepared specifically for the shareholders of Ferrum. It is not intended that this Report be used for any other purpose other than to accompany the Notice of Meeting to be sent to the Ferrum shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of the opinion as to whether or not the Agreement is fair and reasonable to the Existing Shareholders of Ferrum. HLB disclaims any assumption of responsibility for any reliance on this Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HLB has relied on and considered information believed, after due inquiry, to be reliable and accurate. HLB has no reason to believe that any information supplied to it was false or that any material information has been withheld.

HLB has evaluated the information provided to it by Ferrum and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially misstated or would not provide a reasonable basis for this Report. HLB has not, nor does it imply that it has, audited or in any way verified any of the information provided to it.

In accordance with the Act, HLB provides the following information and disclosures:

- HLB will be paid its usual professional fees based on time involvement at normal professional rates, for the preparation of this Report estimated to be \$20,000.
- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- HLB, nor any of its directors or associates, have any interest in Ferrum or Amamoto.
- Neither HLB nor HLB Mann Judd has had any relationship with Ferrum or any associate of Ferrum or Amamoto.

Yours faithfully

HLB MANN JUDD CORPORATE (WA) PTY LTD

Licensed Investment Advisor (AFSL Licence number 250903)



W M CLARK

Authorised Representative

APPENDIX 1

Appendix 1 – Glossary of Terms

TERM	DEFINITION
Act	Corporations Act 2001
Agreements	Mkhombi Sale Agreement and the Ferrum Crescent Subscription Agreement as referred to in Section 3 of this Report.
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BEE	Black Economic Empowerment
Directors	Directors of Ferrum
Ferrum or the Company	Ferrum Crescent Limited
HLB	HLB Mann Judd Corporate (WA) Pty Ltd
JSE	Johannesburg Stock Exchange
Notice of Meeting	The Notice of General Meeting and Explanatory Memorandum for the meeting to be held on or about 8 August 2012
Report	Independent expert's report prepared by HLB.
Shareholders or Existing Shareholders	Shareholders of Ferrum prior to the approval by Shareholders of the Agreements

Ferrum Crescent Limited

ABN 58 097 532 137

Lodge your vote:



By Mail:

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

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

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

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

Proxy Form

For your vote to be effective it must be received by 11.00am (WST) Monday 6 August 2012

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

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

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

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



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

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

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



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Ferrum Crescent Limited to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on Wednesday, 8 August 2012 at 11.00am (WST) and at any adjournment of that meeting.

Important for Items 2 and 3 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default
 By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 2 and 3 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Items 2 and 3, the Chairman of the Meeting will not cast your votes on Items 2 and 3 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 2 and 3).

The Chairman of the Meeting intends to vote all available proxies in favour of Items 2 and 3 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 2 and 3 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 2 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Item 1 Issue of Shares to South African BEE Partner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Approval to issue shares under the Director and Senior Management Fee and Remuneration Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Approval to permit Director participation in Director and Senior Management Fee and Remuneration Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Amendment to Constitution to facilitate payment of fees by way of share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____