

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 Thursday 11 May 2017 at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151 at 11:00 am (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 Limited 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).

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:** Thursday 11 May 2017
- LOCATION:** The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151
- TIME:** 11:00 am (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 Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151 on Thursday 11 May 2017 at 11:00 am (Perth time).

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

Holders of Depositary Interests (**DI Holders**) may attend the General Meeting but will not be permitted to vote at the Meeting. For their votes to be counted, DI Holders must submit their CREST Voting Instruction to the Company's agent by the required cut-off time set out below. Alternatively, DI Holders can vote using the enclosed Form of Instruction as per the instructions set out below.

VOTING BY PROXY

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.

Australia (Proxy Forms)

The enclosed Proxy Form provides further details on voting entitlement, 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 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 **11:00 am (Perth time) on Tuesday 9 May 2017**. Proxy forms received later than this time will be invalid.

South Africa (Proxy Forms)

The enclosed Proxy Form provides further details on voting entitlement, 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 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 deliver the proxy form to:

Computershare Investor Services (Proprietary) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa (PO Box 61051, Marshalltown, 2107) to reach them by no later than **5:00 am (SA time) on Tuesday 9 May 2017**.

United Kingdom (CREST Voting Instruction)

Holders of Depositary Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST Voting Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than **4:00 pm (UK time) on Friday 5 May 2017**. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of depository interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the Depositary Interest holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

United Kingdom (Form of Instruction)

Alternatively, DI Holders can vote by completing, signing and returning the enclosed Form of Instruction to the Company's agent (3RA50) no later than **4:00 pm (UK time) on Friday 5 May 2017**.

CUSTODIAN VOTING

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

Ferrum Crescent Limited

ACN 097 532 137

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Ferrum Crescent Limited will be held at 11:00 am (Perth time) on Thursday 11 May 2017 at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151.

The Explanatory Statement to this Notice of Meeting provides additional information on the matters to be considered at the General Meeting and a glossary of defined terms not defined in full in this Notice. The Explanatory Statement and the enclosed Proxy Form, or Form of Instruction if you are a DI Holder, form part of this Notice of Meeting. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

The Directors have determined, pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations, that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at **5:00 pm (Perth time) on 9 May 2017**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

AGENDA

RESOLUTIONS

1. Ratification of prior issue of Shares

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

“That, pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 275,218,025 Shares at an issue price of 0.2 pence per Share on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- a person identified as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form to vote as the proxy decides.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 1.

2. Approval of the Director and Employee Incentive Plan

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 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the Ferrum Crescent Limited Director and Employee Incentive Plan (the **Incentive Plan**), the terms of which are summarised in the Explanatory Statement, and*

authorise the issue of securities under the Incentive Plan from time to time (including the grant of Awards and issue of Shares pursuant to the terms of those Awards)".

Voting Prohibition and Exclusion: The Company will disregard any votes cast on this Resolution by, or on behalf of, the Directors and any associate of the Directors. However, the Company need not disregard a vote on this Resolution if it is cast by:

- a person identified as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form to vote as the proxy decides.

Further, a vote on this Resolution must not be cast by a person appointed as a proxy if:

- the proxy is either:
 - a member of Key Management Personnel; or
 - a Closely Related Party of a member of Key Management Personnel; and
- the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote on this Resolution if it is cast by the Chairman (who may be a member of Key Management Personnel) as proxy for a person who is entitled to vote and the proxy appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of a member of Key Management Personnel.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 2.

3. Grant of Performance Rights to Justin Tooth under the Incentive Plan

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

"That, subject to the passing of Resolution 2, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 28,000,000 Performance Rights to Mr Justin Tooth, the Company's Executive Chairman (or his nominee) under the Incentive Plan and the issue of Shares on the vesting of those Performance Rights, on the terms and conditions set out in the Explanatory Statement".

Voting Prohibition and Exclusion: The Company will disregard any votes cast on this Resolution by, or on behalf of, the Directors and any associate of the Directors. However, the Company will not disregard a vote on this Resolution if it is cast by:

- a person identified as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form to vote as the proxy decides.

Further, a vote on this Resolution must not be cast by a person appointed as a proxy if:

- the proxy is either:

- a member of Key Management Personnel; or
- a Closely Related Party of a member of Key Management Personnel; and
- the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote on this Resolution if it is cast by the Chairman (who may be a member of Key Management Personnel) as proxy for a person who is entitled to vote and the proxy appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of a member of Key Management Personnel.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 3.

4. Grant of Performance Rights to Evan Kirby under the Incentive Plan

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

“That, subject to the passing of Resolution 2, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 5,600,000 Performance Rights to Dr Evan Kirby (or his nominee) and the issue of Shares on the valid exercise of those Performance Rights in accordance with the terms of the Performance Rights and otherwise on the terms and conditions set out in the Explanatory Statement”.

Voting Prohibition and Exclusion: The Company will disregard any votes cast on this Resolution by, or on behalf of, the Directors and any associate of the Directors. However, the Company will not disregard a vote on this Resolution if it is cast by:

- a person identified as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form to vote as the proxy decides.

Further, a vote on this Resolution must not be cast by a person appointed as a proxy if:

- the proxy is either:
 - a member of Key Management Personnel; or
 - a Closely Related Party of a member of Key Management Personnel; and
- the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote on this Resolution if it is cast by the Chairman (who may be a member of Key Management Personnel) as proxy for a person who is entitled to vote and the proxy appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of a member of Key Management Personnel.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 4.

5. Grant of Performance Rights to Laurence Read under the Incentive Plan

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

“That, subject to the passing of Resolution 2, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 5,600,000 Performance Rights to Mr Laurence Read (or his nominee) and the issue of Shares on the valid exercise of those Performance Rights in accordance with the terms of the Performance Rights and otherwise on the terms and conditions set out in the Explanatory Statement”.

Voting Prohibition and Exclusion: The Company will disregard any votes cast on this Resolution by, or on behalf of, the Directors and any associate of the Directors. However, the Company will not disregard a vote on this Resolution if it is cast by:

- a person identified as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form to vote as the proxy decides.

Further, a vote on this Resolution must not be cast by a person appointed as a proxy if:

- the proxy is either:
 - a member of Key Management Personnel; or
 - a Closely Related Party of a member of Key Management Personnel; and
- the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote on this Resolution if it is cast by the Chairman (who may be a member of Key Management Personnel) as proxy for a person who is entitled to vote and the proxy appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of a member of Key Management Personnel.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 5.

6. Grant of Performance Rights to Grant Button under the Incentive Plan

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

“That, subject to the passing of Resolution 2, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 10,000,000 Performance Rights to Mr Grant Button (or his nominee) and the issue of Shares on the valid exercise of those Performance Rights in accordance with the terms of the Performance Rights and otherwise on the terms and conditions set out in the Explanatory Statement”.

Voting Prohibition and Exclusion: The Company will disregard any votes cast on this Resolution by, or on behalf of, the Directors and any associate of the Directors. However, the Company will not disregard a vote on this Resolution if it is cast by:

- a person identified as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote on the Resolution and the vote is cast in accordance with the directions on the proxy form to vote as the proxy decides.

Further, a vote on this Resolution must not be cast by a person appointed as a proxy if:

- the proxy is either:
 - a member of Key Management Personnel; or
 - a Closely Related Party of a member of Key Management Personnel; and
- the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote on this Resolution if it is cast by the Chairman (who may be a member of Key Management Personnel) as proxy for a person who is entitled to vote and the proxy appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected, directly or indirectly, with the remuneration of a member of Key Management Personnel.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 6.

BY ORDER OF THE BOARD



Grant Button
Director/Company Secretary
DATED 28 March 2017

Ferrum Crescent Limited

ACN 097 532 137

EXPLANATORY STATEMENT TO SHAREHOLDERS

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of the Company in connection with Resolutions to be considered at the General Meeting to be held at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia 6151 at 11:00 am (Perth time) on Thursday 11 May 2017.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

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 set out in the Notice of Meeting.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

1.1 Background

On 12 December 2016, the Company announced that it had conditionally raised approximately GBP550,000 before expenses through the issue of 275,218,025 Shares, each at an issue price of 0.2 pence per Share (the **Placement Shares**), placed via Beaufort Securities Limited.

The Placement Shares were issued on 22 December 2016, pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 1 seeks Shareholder ratification, pursuant to ASX Listing Rule 7.4, of the issue of the Placement Shares.

ASX Listing Rule 7.4 provides that, where a company in a general meeting ratifies previous issues of securities made pursuant to ASX Listing Rules 7.1 and/or 7.1A, the issue of those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

The effect of Shareholders passing Resolution 1 and ratifying the issue of the Placement Shares will be to replenish the Company's 15% placement capacity to the extent of the Placement Shares.

Resolution 1 is an Ordinary Resolution.

1.2 Technical Information required by ASX Listing Rule 7.4

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares:

- (a) 275,218,025 Shares were issued.
- (b) The Placement Shares were issued at a price of 0.2 pence per Share.
- (c) The Placement Shares are all fully-paid ordinary shares issued on the same terms and conditions as the Company's existing Shares.
- (d) The Placement Shares were issued to professional and sophisticated investors. None of the subscribers are related parties or associates of the Company.

- (e) The Company intends to use the proceeds from the issue of the Placement Shares for the Group's general working capital purposes and expenditure on its two principal metals projects, as follows:
- (i) **Moonlight iron ore project, South Africa** – satisfying licence obligations and progressing development pathways; and
 - (ii) **Toral lead-zinc project, Spain** – continuing field work, phase 1 drill programme and petrographic studies of mineralisation.
- (f) A voting exclusion statement for Resolution 1 is included in the Notice of Meeting.

The Board unanimously recommends that Shareholders vote **IN FAVOUR** of Resolution 1.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 1.

2. RESOLUTION 2 – APPROVAL OF THE INCENTIVE PLAN

2.1 Background

As the Company's existing incentive plans, the Employee Share Plan (**ESP**) and the Employee Option Plan (**EOP**) were approved by Shareholders in 2013 for a period of three years, the Company is no longer able to issue securities under the ESP or EOP as an exception to ASX Listing Rule 7.1. Accordingly, and in light of the recent acquisition and developments within the Company, the Board has decided to take this opportunity to adopt a new equity incentive plan, the Ferrum Crescent Limited Director and Employee Incentive Plan (the **Incentive Plan**), in place of the ESP and EOP.

The Incentive Plan aims to:

- reward employees, contractors and directors of the Group for their past performance;
- provide a long-term incentive for directors, employees and contractors to participate in the Group's future growth by providing them with an opportunity to receive an ownership interest in the Company; and
- align the interests of the Group's employees and Shareholders by connecting the remuneration of employees to the long-term success of the Company.

The Board considers that the implementation of the Incentive Plan will assist in the retention and motivation of employees, contractors and directors of the Group and will form an important part of the comprehensive remuneration strategy for the Group's employees and directors.

The Corporate Governance Council Guidelines recommend that executive remuneration packages include an appropriate balance of fixed and performance-based remuneration reflecting short and long-term objectives appropriate to the company's circumstances, aims and risk appetite.

A summary of the terms and conditions of the Incentive Plan is set out in Schedule 1 of this Explanatory Statement. A copy of the Incentive Plan may be obtained by contacting the Company Secretary by telephone on +61 8 9474 2995.

2.2 Approval for the purposes of the ASX Listing Rules

As noted above, ASX Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue, or agree to issue, equity securities in any 12-month period that exceed 15% of the number of securities that the company has on issue, except with the prior approval of shareholders of the company in a general meeting of the terms and conditions of the proposed issue.

ASX Listing Rule 7.2 (Exception 9(b)) provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue,

shareholders have approved the issue of securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1.

Accordingly, although the Company is not required to obtain shareholder approval for the introduction of the Incentive Plan, if the Incentive Plan is approved by Shareholders, securities issued within three years of the date of approval will fall within an exception to ASX Listing Rule 7.1. Additional Shareholder approval will be required before any Director or related party of the Company can participate in the Incentive Plan.

2.3 Technical information required by ASX Listing Rule 7.2

In accordance with ASX Listing Rule 7.2 (Exception 9(b)), the following information is provided to Shareholders in respect of the Incentive Plan:

- a summary of the terms of the Incentive Plan is set out in Schedule 1 of this Explanatory Statement;
- no securities have previously been issued under the Incentive Plan; and
- a voting exclusion statement is included in the Notice.

2.4 Directors' Recommendation

All of the Directors are eligible to participate in the Incentive Plan and therefore have an interest in Resolution 2. Accordingly, all of the Directors refrain from making any recommendation as to how Shareholders should vote on Resolution 2.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 2.

3. RESOLUTION 3 – GRANT OF PERFORMANCE RIGHTS TO JUSTIN TOOTH UNDER INCENTIVE PLAN

3.1 Details of the proposed grant to Justin Tooth

Subject to obtaining Shareholder approval in respect of Resolution 2 and this Resolution 3, the Company proposes to grant Performance Rights to Justin Tooth (or his nominee) in accordance with the terms of the Incentive Plan.

As set out above, the Incentive Plan will be used as part of the remuneration planning for directors, employees and contractors of the Group. For further information in respect of the Incentive Plan, please refer to section 2.1 above and to Schedule 1 of this Explanatory Statement.

Having regard to the significant role that Mr Tooth has in respect of the development of the Company, the Board considers that the grant of Performance Rights to Mr Tooth under the Incentive Plan is an appropriate form of long-term incentive-based remuneration.

3.2 Approval for the purposes of the ASX Listing Rules and Corporations Act

Resolution 3 seeks Shareholder approval for the grant of Performance Rights (and the subsequent issue of Shares on vesting of those Performance Rights) to Justin Tooth for the purposes of:

- (a) ASX Listing Rule 10.14, which broadly provides that Shareholder approval is required before a director, or an associate of a director, may acquire securities under an employee incentive scheme; and
- (b) Chapter 2E of the Corporations Act, which prohibits a public company from giving a financial benefit to a related party of a public company unless the giving of the financial benefit falls within one of the nominated exceptions or shareholder approval is obtained prior to the giving of the financial benefit.

Shareholder approval under ASX Listing Rule 7.1 is not required for the issue of securities that have been approved under ASX Listing Rule 10.14. Accordingly, provided that both Resolutions 2 and this Resolution 3 are approved by Shareholders, the grant of Performance Rights to Justin Tooth (and any subsequent acquisition of Shares upon vesting of those Performance Rights) will not be included in the calculation of the Company's 15% annual placement capacity for the purposes of ASX Listing Rule 7.1.

3.3 Information required by ASX Listing Rules

For the purpose of the approval sought under ASX Listing Rule 10.14, and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Performance Rights to Justin Tooth:

- (a) The Performance Rights are proposed to be issued to Justin Tooth, Executive Chairman of the Company.
- (b) The maximum number of Performance Rights that may be granted to Justin Tooth pursuant to Resolution 3 is 28,000,000 Performance Rights.
- (c) The Performance Rights will be granted under the Incentive Plan, on the general terms and conditions set out in Schedule 1 of this Explanatory Statement, and on the specific terms and conditions set out in Schedule 2 of this Explanatory Statement. The performance hurdles attaching to the Performance Rights along with the applicable performance hurdle satisfaction date and vesting date are set out in Schedule 2 and in the table in section 3.4(c) below.
- (d) No price is payable for the grant of the Performance Rights, or on vesting of the Performance Rights, as the Performance Rights are issued as an incentive and reward following satisfaction of specified performance hurdles by a prescribed date.
- (e) No securities have previously been issued under the Incentive Plan nor has the Incentive Plan been previously adopted by Shareholders.
- (f) The Directors, in addition to employees and contractors of the Company, are entitled to participate in the Incentive Plan.
- (g) A voting exclusion statement is included in the Notice.
- (h) No loans are being provided by the Company for the acquisition of securities under the Incentive Plan.
- (i) It is anticipated that the Performance Rights will be granted to Justin Tooth no later than 12 months after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the ASX Listing Rules) in one tranche. The Company contemplates that Shares issued upon vesting of the Performance Rights may be issued in more than one tranche, following vesting of the Performance Rights.

3.4 Information required by the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of the various exceptions to the general prohibition. A "related party" for the purposes of the Corporations Act is defined broadly and includes a director of the Company. "Financial Benefit" has a wide meaning and includes the issue of securities by a public company.

The proposed offer of Performance Rights to Mr Tooth will form part of Mr Tooth's remuneration package. Given the circumstances of the Company, the Non-Executive Directors consider that the proposed grant of Performance Rights would constitute reasonable remuneration and, accordingly, may fall within an exception to the related party provisions in Chapter 2E of the Corporations Act. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at similar companies.

Notwithstanding this conclusion, the Board has resolved that the Company should also seek shareholder approval pursuant to Chapter 2E of the Corporations Act as a matter of good corporate governance.

Pursuant to, and in accordance with the requirements of Chapter 2E, and in particular section 219 of the Corporations Act, the following information is provided for the purposes of obtaining Shareholder approval for Resolution 3:

- (a) The related party to whom a financial benefit will be given is Justin Tooth (or his nominee), who is the Executive Chairman of the Company.
- (b) The nature of the financial benefit proposed to be given to Justin Tooth is the grant of 28,000,000 Performance Rights.
- (c) The Performance Rights will be granted under the Incentive Plan, on the general terms and conditions set out in Schedule 1 of this Explanatory Statement, and the specific terms and conditions set out in Schedule 2 of this Explanatory Statement. The performance hurdles attaching to the Performance Rights along with the applicable performance hurdle satisfaction date and vesting date are set out in the table below:

Tranche	Number of Performance Rights	Performance Hurdle	Performance Hurdle Satisfaction Date	Vesting Date
A	3,500,000	AIM Price is 0.35 pence or more	1 year	3 years after satisfaction of performance hurdle
B	3,500,000	AIM Price is 0.5 pence or more	18 months	3 years after satisfaction of hurdle
C	3,500,000	AIM Price is 0.75 pence or more	2 years	2 years after satisfaction of performance hurdle
D	3,500,000	AIM Price is 1.1 pence or more	3 years	2 years after satisfaction of performance hurdle
E	3,500,000	AIM Price is 1.5 pence or more	3 years	18 months after satisfaction of performance hurdle
F	3,500,000	AIM Price is 2.0 pence or more	3.5 years	1 year after satisfaction of performance hurdle
G	7,000,000	First commercial production at any project controlled by the Company at the time of first production	5 years	6 months after satisfaction of performance hurdle

Where:

AIM Price means the volume-weighted average price of Ferrum Shares on AIM over 10 consecutive trading days;
Performance Hurdle Satisfaction Date means the date by which the relevant performance hurdle must be satisfied;
and
Vesting Date means the date on which a participant under the Incentive Plan becomes entitled to be issued the number of Shares in respect of which an Award has vested in accordance with Rule 7 of the Incentive Plan.

- (d) The Performance Rights will be granted for no cash consideration and, accordingly, no funds will be raised from the grant of the Performance Rights or from the issue of Shares upon vesting of the Performance Rights.
- (e) Mr Tooth is the proposed recipient of Performance Rights and has an interest in the outcome of the Resolution. No other directors have any interest in the outcome of this Resolution.

(f) Director's remuneration package:

Director	2015/2016 Financial Year	2016/2017 Financial Year
Justin Tooth	\$46,858 ¹	\$186,306 ²

- Justin Tooth was appointed Non-Executive Chairman on 16 December 2015 and Executive Chairman on 31 March 2016.
- Justin Tooth and the Company entered into an Executive Employment contract on 7 January 2017 under which Justin is paid GBP125,000 per annum from 1 October 2016 onwards.

(g) The securities currently held by Justin Tooth and those that may be issued subject to Shareholder approval at this meeting are set out in the table below:

Director	Shares	Existing Options	Performance Rights (subject to shareholder approval under Resolutions 2 and 3)
Justin Tooth	326,650	Nil	28,000,000

(h) The dilution effect on Shareholders, if all Performance Rights the subject of Resolution 3 vest (and the Performance Rights proposed to be granted to the Non-Executive Directors under Resolutions 4 to 6 are exercised), and no other options are exercised and no Shares are issued, will be 2.24% as set out below.

	Shares (ASX:FCR)
Shares currently on issue	2,147,825,266
Resolution 3 – Performance Rights to be granted to Justin Tooth	28,000,000
Resolutions 4 to 6 – Performance Rights to be granted to the Non-Executive Directors	21,200,000
Expanded Capital if all Performance Rights proposed in this Notice to be granted to all Directors vest or are exercised (as applicable)	2,197,025,266
Dilutionary effect	2.24%

(i) In the 12 months before the date of this Notice, the highest, lowest and latest trading price (as at 14 March 2017) of the Shares on ASX are as set out below:

	Shares (ASX:FCR)
Highest (16 May 2016)	0.007
Lowest (22 April 2016 and 9 May 2016)	0.002
Latest (14 March 2017)	0.003

(j) The value of the financial benefit to be provided to Justin Tooth under each of Tranches A – G is set out in the table below.

Tranche	A	B	C	D	E	F	G	Total
# of Rights	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	7,000,000	28,000,000
Valuation per right	0.1090p 0.17c	0.1012p 0.16c	0.0921p 0.15c	0.0998p 0.16c	0.0846p 0.14c	0.0843p 0.13c	0.1700p 0.27c	N/A
Valuation of Tranche	GBP3,815 AUD6,132	GBP3,542 AUD5,694	GBP3,224 AUD5,182	GBP3,493 AUD5,615	GBP2,961 AUD4,760	GBP2,951 AUD4,744	GBP11,900 AUD19,129	GBP31,886 AUD51,255

Note: These values have been calculated by BDO in GBP and converted to AUD by the Company using the rate of GBP1 = AUD1.607458607, being the inverse of the AUD/GBP foreign exchange rate published by the Reserve Bank of Australia on 8 March 2017.

These values have been calculated by BDO using an up and in single barrier share option pricing model for the Tranches A – F Performance Rights and a binomial pricing model (validated by the Black Scholes option pricing model) for the Tranche G Performance Rights.

The up and in single barrier share pricing model takes into consideration that market based rights can vest at any time during the period from grant date to the Performance Hurdle Satisfaction Date of each respective tranche, provided the 10-day VWAP of the AIM Price exceeds the determined barrier price. The model incorporates a trinomial valuation.

BDO made the following assumptions under the models:

- the Performance Rights under Tranches A-F have market-based vesting conditions attached;
- for Performance Rights under Tranche G (which don't have market vesting conditions attached), the exercise of the Performance Right does not affect the value of the underlying asset;
- a grant date of 8 March 2017, which was also adopted as the valuation date;
- it used the 10 day VWAP of Shares on AIM as at the valuation date, 0.17 pence, which was input into the pricing model;
- as there is no consideration required for exercising the Performance Rights, a nil exercise price was used in the option pricing model;
- the performance period represents the period over which the Performance Rights will be assessed for vesting, from the grant date until the Performance Hurdle Satisfaction Date based on the Performance Rights' respective performance hurdles;
- the performance hurdle of each tranche is to be measured over the respective performance period of each tranche;
- for Performance Rights under Tranche G, it used a share price volatility of 150% based on the historical volatility of Ferrum's AIM listed share price;
- for Performance Rights under Tranche A-F, it used a 10-day VWAP volatility of 100% based on the historical volatility of the 10-day VWAP of Ferrum's AIM listed share price;¹
- the risk free rate of interest used is the United Kingdom Government Bond Rate that most closely corresponds to the vesting period of each tranche of Performance Rights as at the valuation date:
 - for Performance Rights under Tranches A-C, E and F, a rate of 0.314% was used, being the four year United Kingdom Government Bond closing rate as at the valuation date; and
 - for Performance Rights under Tranches D and G, a rate of 0.589% was used, being the five year United Kingdom Government Bond closing rate as at the valuation date.
- a dividend yield of 0%; and

¹ The Performance Rights under Tranches A-F are subject to a market-based performance hurdle which is not based on realising a certain share price but rather, a 10-day VWAP of the Ferrum AIM listed share price. Accordingly, the metric of volatility employed in the option pricing model is the historical volatility of the 10-day VWAP of Ferrum's AIM listed share price and not the close-close share price volatility metric that was used for Performance Rights under Tranche G.

- the performance hurdle for each tranche is identical to the hurdle outlined in section 3.4(c) above.

(k) Directors' recommendation and basis of recommendation:

Justin Tooth has a material personal interest in Resolution 3 and abstains from making a recommendation in respect of Resolution 3. The Non-Executive Directors have carefully considered the proposed grant of Performance Rights to Mr Tooth, as well as his remuneration package generally. The Non-Executive Directors consider the grant to be an important component of Mr Tooth's remuneration package and all recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 3.

3.5 Other information

There are no material opportunity costs to the Company, no taxation consequences to the Company and no material benefits foregone by the Company in granting the Performance Rights to Mr Tooth.

The Directors are not aware of any information, other than the information set out in this Explanatory Statement that would reasonably be required by Shareholders in order to decide whether or not it is in the Company's interests to pass Resolution 3.

4. RESOLUTIONS 4 TO 6 – GRANT OF PERFORMANCE RIGHTS TO THE NON-EXECUTIVE DIRECTORS UNDER THE INCENTIVE PLAN

4.1 Details of the proposed grant to the Non-Executive Directors

Subject to obtaining Shareholder approval in respect of Resolution 2 and Resolutions 4 to 6, the Company proposes to grant Performance Rights to each of Evan Kirby, Laurence Read and Grant Button (the **Non-Executive Directors**) (or their nominees) in accordance with the terms of the Incentive Plan.

The grant of Performance Rights will form part of the remuneration planning for Non-Executive Directors. The Board acknowledges that this is not in accordance with Recommendation 8.2 of the Corporate Governance Principles and Recommendations (3rd edition) as published by the ASX Corporate Governance Council. However, the Board considers that it is reasonable in the circumstances for the Non-Executive Directors to be offered the Performance Rights as part of their remuneration, given the primary purpose of the grant of the Performance Rights to the Non-Executive Directors is to motivate and reward their performance in their respective roles as Non-Executive Directors.

4.2 Approval for the purposes of the ASX Listing Rules and Corporations Act

Resolutions 4 to 6 seek Shareholder approval for the grant of Performance Rights (and the subsequent issue of Shares on the valid exercise of those Performance Rights) to the Non-Executive Directors for the purposes of:

- (a) ASX Listing Rule 10.14, which broadly provides that Shareholder approval is required before a director, or an associate of a director, may acquire securities under an employee incentive scheme; and
- (b) Chapter 2E of the Corporations Act, which prohibits a public company from giving a financial benefit to a related party of a public company unless the giving of the financial benefit falls within one of the nominated exceptions, or shareholder approval is obtained prior to the giving of the financial benefit.

Shareholder approval under ASX Listing Rule 7.1 is not required for issues that have been approved under ASX Listing Rule 10.14. Accordingly, provided Resolutions 2 and 4 to 6 are approved by

Shareholders, the grant of Performance Rights to the Non-Executive Directors (and any subsequent acquisition of Shares on the valid exercise of those Performance Rights) will not be included in the calculation of the Company's 15% annual placement capacity for the purposes of ASX Listing Rule 7.1.

4.3 Information required by ASX Listing Rules

For the purpose of the approval sought under ASX Listing Rule 10.14, and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Performance Rights to the Non-Executive Directors:

- (a) The Performance Rights are proposed to be issued to the Non-Executive Directors, Evan Kirby, Laurence Read and Grant Button, each a Director and, as such, a related party of the Company.
- (b) The maximum number of Performance Rights that may be granted to each Non-Executive Director pursuant to Resolutions 4 to 6 are as follows:

Non-Executive Director	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F	Tranche G	Total
Evan Kirby	700,000	700,000	700,000	700,000	700,000	700,000	1,400,000	5,600,000
Laurence Read	700,000	700,000	700,000	700,000	700,000	700,000	1,400,000	5,600,000
Grant Button	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	2,500,000	10,000,000
Total	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	5,300,000	21,200,000

- (c) The Performance Rights will be granted under the Incentive Plan, on the general terms and conditions set out in Schedule 1 of this Explanatory Statement, and the specific terms and conditions set out in Schedule 2 of this Explanatory Statement. The performance hurdles attaching to the Performance Rights along with the applicable performance hurdle satisfaction date and vesting date are set out in the table in section 4.4(c) below.
- (d) No price is payable for the grant of the Performance Rights, or on the valid exercise of the Performance Rights, as the Performance Rights are issued as an incentive and reward following satisfaction of prescribed performance hurdles by a prescribed date.
- (e) No securities have previously been issued under the Incentive Plan nor has the Incentive Plan been previously adopted by Shareholders.
- (f) The Directors, together with employees and contractors of the Company, are entitled to participate in the Incentive Plan.
- (g) A voting exclusion statement is included in the Notice.
- (h) No loans are being provided by the Company for the acquisition of securities under the Incentive Plan.

- (i) It is anticipated that the Performance Rights will be granted to the Non-Executive Directors no later than 12 months after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the ASX Listing Rules) in one tranche. The Company contemplates that Shares issued on the valid exercise of the Performance Rights may be issued in more than one tranche following vesting of the Performance Rights.

4.4 Information required by the Corporations Act

Pursuant to, and in accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided for the purposes of obtaining Shareholder approval for Resolutions 4 to 6:

- (a) The related parties to whom a financial benefit will be given are Evan Kirby, Laurence Read and Grant Button (or their nominees), each of whom is a Non-Executive Director of the Company.
- (b) The nature of the financial benefit proposed to be given to each Non-Executive Director is the grant of Performance Rights up to the maximum number set out in the table below:

Non-Executive Director	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F	Tranche G	Total
Evan Kirby	700,000	700,000	700,000	700,000	700,000	700,000	1,400,000	5,600,000
Laurence Read	700,000	700,000	700,000	700,000	700,000	700,000	1,400,000	5,600,000
Grant Button	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	2,500,000	10,000,000
Total	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	5,300,000	21,200,000

- (c) The Performance Rights will be granted under the Incentive Plan, on the general terms and conditions set out in Schedule 1 of this Explanatory Statement, and the specific terms and conditions set out in Schedule 2 of this Explanatory Statement. The performance hurdles attaching to the Performance Rights along with the applicable performance hurdle satisfaction date and vesting date are set out in the table below:

Tranche	Number of Performance Rights	Performance Hurdle	Performance Hurdle Satisfaction Date	Vesting Date
A	2,650,000	AIM Price is 0.35 pence or more	1 year	3 years after hurdle satisfaction
B	2,650,000	AIM Price is 0.5 pence or more	18 months	3 years after hurdle satisfaction
C	2,650,000	AIM Price is 0.75 pence or more	2 years	2 years after hurdle satisfaction
D	2,650,000	AIM Price is 1.1 pence or more	3 years	2 years after hurdle satisfaction
E	2,650,000	AIM Price is 1.5 pence or more	3 years	18 months after hurdle satisfaction
F	2,650,000	AIM Price is 2.0 pence or more	3.5 years	1 year after hurdle satisfaction
G	5,300,000	First commercial production at any project controlled by the Company at the time of first production	5 years	6 months after hurdle satisfaction

Where:

AIM Price means the volume-weighted average price of Ferrum Shares on AIM over 10 consecutive trading days;
Performance Hurdle Satisfaction Date means the date by which the relevant performance hurdle must be satisfied;
and
Vesting Date means the date on which the relevant participant becomes entitled to be issued a Share in accordance with Rule 7 of the Incentive Plan.

- (d) The Performance Rights will be granted for no cash consideration and, accordingly, no funds will be raised from the grant of the Performance Rights or from the issue of Shares upon vesting of the Performance Rights.
- (e) Each Non-Executive Director is a proposed recipient of the Performance Rights and has an interest in the outcome of the Resolution relevant to him.
- (f) Non-Executive Directors' fees:

Non-Executive Director	2015/2016 Financial Year	2016/2017 Financial Year
Evan Kirby	\$7,500 ¹	\$30,000
Laurence Read	\$0 ²	\$0 ³
Grant Button	\$36,850	\$60,000 ⁴

1. Evan Kirby joined the Board as a Non-Executive Director on 31 March 2016.
2. Laurence Read was appointed as a Non-Executive Director of the Company on 25 January 2017, and so was not paid a fee in the 2015/2016 financial year. Mr Read was paid a consultancy fee of GBP52,500 for the 2015/2016 financial year.
3. While he is not being paid a Non-Executive Director fee, Laurence Read will be paid a consultancy fee of GBP52,500 for the 2016/2017 financial year.
4. Grant Button was appointed Company Secretary on 31 March 2016, at which time his fee was increased from \$30,000 per annum to \$60,000 per annum.

- (g) The securities currently held by the Non-Executive Directors and those that may be issued subject to Shareholder approvals at this meeting are set out in the table below:

Director	Existing Shares	Existing Options	Performance Rights (subject to shareholder approval under Resolutions 2 and 4 to 6), to be issued in the tranches set out in sections 4.3(b) and 4.4(b) above
Evan Kirby	10,900	Nil	5,600,000
Laurence Read	Nil	Nil	5,600,000
Grant Button	5,356,300	Nil	10,000,000

- (h) The dilution effect on Shareholders, if all Performance Rights the subject of Resolutions 4 to 6 are exercised (and the Performance Rights proposed to be granted to Mr Tooth under Resolution 3 vest, but no other Performance Rights are exercised) and no other Shares are issued, will be 2.24% as set out below.

	Shares (ASX:FCR)
Shares currently on issue	2,147,825,266
Resolution 3 – Performance Rights to be granted to J Tooth	28,000,000
Resolutions 4 to 6 – Performance Rights to be granted to the Non-Executive Directors	21,200,000
Expanded Capital if all Performance Rights proposed in this Notice to be granted to all Directors vest or are exercised (as applicable)	2,197,025,266
Dilutionary effect	2.24%

- (i) In the 12 months before the date of this Notice, the highest, lowest and latest trading price (as at 14 March 2017) of the Shares on ASX are as set out below:

	Shares (ASX:FCR)
Highest (16 May 2016)	0.007
Lowest (22 April 2016 and 9 May 2016)	0.002
Latest (14 March 2017)	0.003

- (j) The value of the financial benefit to be provided to the Non-Executive Directors is set out in the table below. These figures have been calculated based on BDO's valuation of the Performance Rights which are proposed to be issued to Mr Tooth. This is on the basis that, because the tranches of Performance Rights that are to be issued to the Non-Executive Directors are on the same terms as the tranches of Performance Rights to be issued to Mr Tooth, the valuation methodology used in respect of Mr Tooth can also be used for the Non-Executive Directors. Accordingly, the 'Valuation per right' figure in the table below is identical for Mr Tooth and the Non-Executive Directors.

As discussed above, BDO used an up and in single barrier share option pricing model for Performance Rights under Tranches A - F, and a binomial pricing model (validated by the Black Scholes option pricing model) for Tranche G Rights.

The up and in single barrier share pricing model takes into consideration that market based rights can vest at any time during the period from grant date to the performance hurdle satisfaction date of each respective tranche, provided the 10-day VWAP of the AIM Price exceeds the determined barrier price. The model incorporates a trinomial valuation.

Tranche	A	B	C	D	E	F	G	Total
Evan Kirby								
# of Rights	700,000	700,000	700,000	700,000	700,000	700,000	1,400,000	5,600,000
Valuation per right	0.1090p 0.17c	0.1012p 0.16c	0.0921p 0.15c	0.0998p 0.16c	0.0846p 0.14c	0.0843p 0.13c	0.1700p 0.27c	N/A
Valuation of Tranche	GBP763 AUD1,226	GBP708 AUD1,138	GBP645 AUD1,037	GBP699 AUD1,124	GBP592 AUD952	GBP590 AUD948	GBP2380 AUD3,826	GPB6,377 AUD10,251
Laurence Read								
# of Rights	700,000	700,000	700,000	700,000	700,000	700,000	1,400,000	5,600,000
Valuation per right	0.1090p 0.17c	0.1012p 0.16c	0.0921p 0.15c	0.0998p 0.16c	0.0846p 0.14c	0.0843p 0.13c	0.1700p 0.27c	N/A
Valuation of Tranche	GBP763 AUD1,226	GBP708 AUD1,138	GBP645 AUD1,037	GBP699 AUD1,124	GBP592 AUD952	GBP590 AUD948	GBP2380 AUD3,826	GPB6,377 AUD10,251

Grant Button								
# of Rights	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	2,500,000	10,000
Valuation per right	0.1090p 0.17c	0.1012p 0.16c	0.0921p 0.15c	0.0998p 0.16c	0.0846p 0.14c	0.0843p 0.13c	0.1700p 0.27c	N/A
Valuation of Tranche	GBP1,362 AUD2,189	GBP1,265 AUD2,033	GBP1,151 AUD1,850	GBP1,247 AUD2,005	GBP1,058 AUD1,701	GBP1,054 AUD1,694	GBP4,250 AUD6,832	GBP11,387 AUD18,304
Note: These values have been calculated by BDO in GBP and converted to AUD by the Company using the rate of GBP1 = AUD1.607458607, being the inverse of the AUD/GBP foreign exchange rate published by the Reserve Bank of Australia on 8 March 2017.								

BDO made the following assumptions under the models:

- the Performance Rights under Tranches A-F have market-based vesting conditions attached;
- for Performance Rights under Tranche G (which don't have market vesting conditions attached), the exercise of the Performance Right does not affect the value of the underlying asset;
- a grant date of 8 March 2017, which was also adopted as the valuation date;
- it used the 10 day VWAP of the Shares on AIM as at the valuation date, 0.17 pence, which was input into the pricing model;
- as there is no consideration required for exercising the Performance Rights, a nil exercise price was used in the option pricing model;
- the performance period represents the period over which the Performance Rights will be assessed for vesting, from the grant date until the Performance Hurdle Satisfaction Date based on the Performance Rights' respective performance hurdles;
- the performance hurdle of each tranche is to be measured over the respective performance period of each tranche;
- for Performance Rights under Tranche G, it used a share price volatility of 150% based on the historical volatility of Ferrum's AIM listed share price;
- for Performance Rights under Tranches A-F, it used a 10-day VWAP volatility of 100% based on the historical volatility of the 10-day VWAP of Ferrum's AIM listed share price;²
- the risk free rate of interest used is the United Kingdom Government Bond Rate that most closely corresponds to the vesting period of each tranche of Performance Rights as at the valuation date:
 - for Performance Rights under Tranches A-C, E and F, a rate of 0.314% was used, being the four year United Kingdom Government Bond closing rate as at the valuation date; and

² The Performance Rights under Tranches A-F are subject to a market-based performance hurdle which is not based on realising a certain share price but rather, a 10-day VWAP of the Ferrum AIM listed share price. Accordingly, the metric of volatility employed in the option pricing model is the historical volatility of the 10-day VWAP of Ferrum's AIM listed share price and not the close-close share price volatility metric that was used for Performance Rights under Tranche G.

- for Performance Rights under Tranches D and G, a rate of 0.589% was used, being the five year United Kingdom Government Bond closing rate as at the valuation date;
 - a dividend yield of 0%; and
 - the performance hurdle for each tranche is identical to the hurdle outlined in section 4.4(c) above.
- (k) Directors' recommendation and basis of recommendation

The Non-Executive Directors each have a material personal interest in their respective Resolution because it relates to the grant of Performance Rights to them. As a consequence, and given the potential perceived interest in relation to the other Resolutions in respect of the grant of Performance Rights, the Non-Executive Directors abstain from making a recommendation to Shareholders in relation to Resolutions 4 to 6. Mr Tooth recommends that Shareholders vote in favour of Resolutions 4 to 6.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolutions 4 to 6.

4.5 Other information

There are no material opportunity costs to the Company, no taxation consequences to the Company and no material benefits foregone by the Company in granting the Performance Rights to the Non-Executive Directors.

The Directors are not aware of any information, other than the information set out in this Explanatory Statement, that would reasonably be required by Shareholders in order to decide whether or not it is in the Company's interests to pass Resolutions 4 to 6.

GLOSSARY

In the Notice and this Explanatory Statement:

\$ or AUD	means Australian dollars.
AIM	means the AIM Board of the London Stock Exchange.
AIM Price	has the meaning given in section 3.4(c) of the Explanatory Statement.
ASX	means Australian Securities Exchange.
ASX Listing Rules	means the official listing rules of ASX.
Award	means a right to acquire Shares under the Incentive Plan, and includes an Option and a Performance Right.
Board	means the current board of directors of the Company.
cents or c	means Australian cents.
Chairman	means the person appointed to chair the Meeting of the Company convened by this Notice.
Closely Related Party	has the meaning given in section 9 of the Corporations Act.
Company or Ferrum	means Ferrum Crescent Limited ACN 097 532 137.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth).
DI Holders	means holders of depositary interests in the Company.
Directors	means the directors of the Company, being, at the date of this Notice, Messrs Justin Tooth, Grant Button, Evan Kirby and Laurence Read.
EOP	means the Company's Employee Option Plan.
ESP	means the Company's Employee Share Plan.
Explanatory Statement	means the explanatory statement accompanying the Notice of Meeting.
GBP	means Great British pounds
General Meeting or Meeting	means the General Meeting of Shareholders to be held at the Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia on Thursday 11 May 2017 at 11:00 am (Perth time).
Group	means the Company and a related body corporate of the Company as defined in section 50 of the Corporations Act and any company in respect of which the Company has voting power of not less than 20%.

Form of Instruction	means, for DI Holders, the form of instruction enclosed with this Notice.
Incentive Plan	means the Ferrum Crescent Ltd Director and Employee Incentive Plan, a summary of which is set out in Schedule 1.
Key Management Personnel	means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Non-Executive Director	has the meaning given in section 4.1 of the Explanatory Statement.
Notice of Meeting or Notice	means this notice of General Meeting including the Explanatory Statement.
Option	means an option to acquire a Share on the terms and conditions set out in the Incentive Plan, a summary of which is set out in Schedule 1.
Ordinary Resolution	means a Resolution to be passed by a simple majority of Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
pence or p	means Great British pence.
Performance Hurdle Satisfaction Date	has the meaning given in section 3.4(c) of the Explanatory Statement.
Performance Right	means a right to acquire a Share on the general terms and conditions set out in the Incentive Plan (a summary of the Incentive Plan is set out in Schedule 1, and a summary of the specific terms and conditions of the Performance Rights is contained in Schedule 2).
Placement Shares	has the meaning given in section 1.1 of the Explanatory Statement.
Proxy Form	means, for Shareholders, the proxy form enclosed with this Notice.
Resolution	means a resolution set out in this Notice of Meeting.
Share	means an ordinary share in the Company.
Shareholder	means a holder of Shares in the Company.
Vesting Date	has the meaning given by section 3.4(c) of the Explanatory Statement.

Schedule 1 – Summary of terms of the Incentive Plan

The terms and conditions of the Incentive Plan are summarised below:

- 1. Board**

The Board, or a duly appointed committee of the Board, is responsible for the operation of the Incentive Plan.
- 2. Participants**

Directors, full-time, part-time and casual employees, and contractors of the Group are all eligible to participate in the Incentive Plan.
- 3. Eligibility**

The Board has an absolute discretion to determine the eligibility of participants. Some of the factors the Board will have regard to in determining eligibility include:

 - (a) the seniority of the participant and the position that the participant occupies within the Group;
 - (b) the length of service of the participant with the Group;
 - (c) the record of employment of the participant with the Group;
 - (d) the potential contribution of the participant to the growth and profitability of the Group;
 - (e) the extent (if any) of the existing participation of the participant in the Incentive Plan; and
 - (f) any other matters the Board considers relevant.
- 4. Invitations and Awards**

The Board may, in its absolute discretion, invite eligible participants to participate in the Incentive Plan. An invitation may be made on such terms and conditions as the Board decides from time to time, including as to the terms of the Award offered and whether the Award comprises Performance Rights and/or Options.
- 5. Number of Performance Rights and/or Options**
 - (a) The Board has a discretion to determine the number of Performance Rights and/or Options granted to participants under an Award, however in accordance with applicable law, the Board will ensure that the number of Performance Rights and/or Options offered to eligible participants over a three-year period does not exceed 5% of the Company's issued capital.
 - (b) Further, in determining the number of Performance Rights and/or Options to be granted to participants, the Board will have regard to:
 - (i) current market practice; and
 - (ii) the overall cost to the Company of grants under the Incentive Plan.
- 6. No payment on grant or vesting**

Unless the Board determines otherwise, no payment is required for the grant, on the vesting, or the issue, transfer or allocation of shares following vesting of a Performance Right or Option.

- 7. Vesting conditions**
Vesting of an Award may be conditional on the participant satisfying the pre-determined vesting conditions determined by the Board within the vesting period. The vesting period applicable to the Performance Rights or Options is the period determined by the Board.
- 8. Vesting of Award**
The Award will only vest if the participant meets any specified vesting conditions within the vesting period. If the terms of grant require the Award to be exercised, the participant must exercise the Award in order for vesting to occur. Any Award which has not vested within the vesting period will lapse.
- 9. Entitlements under Awards**
Prior to vesting and exercise (if required) of an Award, and the issue of Shares to the participant in accordance with the rules of the Incentive Plan, a participant is not entitled to exercise any votes in respect of the shares to which the Award relates, nor is the holder entitled to participate in any dividend or any new issue of securities by the Company in respect of that Award.
- 10. Issue, transfer or allocation of shares on vesting of Award**
The Shares to be provided on vesting and exercise (if required) of the Award may be issued by the Company or acquired on market by the Company (or any trustee of the Incentive Plan) and transferred or allocated to the holder of the Performance Right. Any Shares issued under the Incentive Plan will rank equally with those traded on the ASX at the time of issue. The Board may impose restrictions on the transferability of a Share issued, transferred or allocated to a participant following vesting of a Performance Right, which shall be set out in the terms of invitation.
- 11. Cessation of eligibility**
- (a) Where a participant ceases to be eligible to participate in the Incentive Plan, the Board may determine that some or all of the participant's Award lapses, vests, is exercisable for a prescribed period (if applicable), or is no longer subject to some or all applicable restrictions.
 - (b) The Board may specify in an invitation how a participant's Award will be treated in the event that the participant ceases to be eligible to participate in the Incentive Plan which may vary depending upon the circumstances in which the participant ceases to be eligible.
- 12. Change of control**
- (a) On a change of control event (which includes a takeover, merger or any person acquiring a relevant interest in more than 50% of the issued share capital in the Company and other similar events) the Board may, in its discretion, determine the manner in which any or all of a participant's Awards may be dealt with including in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
 - (b) The Board may specify in an invitation how a participant's Award will be treated on a change of control event which may vary depending upon the circumstances of the change of control event.
- 13. Capital reorganisation**
In the event of any capital reorganisation prior to vesting and exercise (if required) of an Award, the Award may be adjusted having regard to the ASX Listing Rules.
- 14. Clawback provision**
The Board may determine that any unvested Award and vested but unexercised Award (if exercise is required) will lapse if, in the Board's opinion, among other things:
- (a) the participant has acted fraudulently or dishonestly, engaged in gross misconduct, breached his or her duties or obligations (including where the participant's Award

vests as a result of such conduct and the Board forms the opinion that the Award would not have otherwise vested); or

- (b) there is a material misstatement or omission in the financial statements of a group company.

Schedule 2 – Summary of terms of the Performance Rights

The key terms and conditions of the Performance Rights to be granted to Justin Tooth, Evan Kirby, Laurence Read and Grant Button under the Incentive Plan are summarised below:

1. **No payment on grant or vesting**
No payment is required for the grant or on the vesting (or the issue of shares following vesting) of a Performance Right.
2. **Vesting of Performance Rights**
Performance Rights will vest on the Vesting Date set out in the table below, subject to satisfaction of the performance hurdles. If the terms of grant require the Performance Rights to be exercised, the participant must exercise the Performance Rights in order for vesting to occur.

The performance hurdles attaching to the tranches of Performance Rights, along with the applicable Performance Hurdle Satisfaction Date and Vesting Date, are set out in the table below:

Tranche of Performance Rights	Performance Hurdle	Performance Hurdle Satisfaction Date	Vesting Date
A	AIM Price is 0.35 pence or more	1 year	3 years after hurdle satisfaction
B	AIM Price is 0.5 pence or more	18 months	3 years after hurdle satisfaction
C	AIM Price is 0.75 pence or more	2 years	2 years after hurdle satisfaction
D	AIM Price is 1.1 pence or more	3 years	2 years after hurdle satisfaction
E	AIM Price is 1.5 pence or more	3 years	18 months after hurdle satisfaction
F	AIM Price is 2.0 pence or more	3.5 years	1 year after hurdle satisfaction
G	First commercial production at any project controlled by the Company at the time of first production	5 years	6 months after hurdle satisfaction

3. **Performance Hurdle Satisfaction Date**
If the performance hurdle in respect of any Performance Rights has not been satisfied by the relevant Performance Hurdle Satisfaction Date, those Performance Rights will lapse.
4. **Entitlements under Performance Rights**
The Performance Rights do not entitle the holder to exercise any votes in respect of the shares to which the Performance Rights relate, nor is the holder entitled to participate in any dividend or any new issue of securities by the Company in respect of that Performance Right.
5. **Issue of shares on vesting of Performance Rights**
All shares to be issued on vesting and exercise (if required) of the Performance Rights will rank equally with those traded on the ASX at the time of issue.

6. No transfer of Performance Rights

The Performance Rights may not be transferred.

7. Cessation of eligibility

Where a participant ceases to be eligible to participate in the Incentive Plan, the Board may determine that some or all of the participant's Award lapses, vests, is exercisable for a prescribed period (if applicable), or is no longer subject to some or all applicable restrictions.

8. Change of control

On a change of control event (which includes a takeover, merger, any person acquiring a relevant interest in more than 50% of the issued share capital in the Company and other similar events), the Board may, in its discretion, determine the manner in which any or all of a participant's securities will be dealt with.

9. Capital reorganisation

In the event of any capital reorganisation, Performance Rights may be adjusted having regard to the ASX Listing Rules.



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

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



Proxy Form

XX

For your vote to be effective it must be received by 11:00am (Perth time) Tuesday, 9 May 2017

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 or abstain as they choose (to the extent permitted by law). 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 help tab, "Printable 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

I ND

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, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Ferrum Crescent Limited to be held at The Hovia Room, Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia on Thursday, 11 May 2017 at 11:00am (Perth time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 2 - 6 (except where I/we have indicated a different voting intention below) even though Resolutions 2 - 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 2 - 6 by marking the appropriate box in step 2 below.

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
Resolution 1	Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of the Director and Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Performance Rights to Justin Tooth under the Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Performance Rights to Evan Kirby under the Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Performance Rights to Laurence Read under the Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Performance Rights to Grant Button under the Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /