Ferrum Crescent Limited

ACN 097 532 137

Half-Yearly Financial Report
for the period
1 July 2011 to 31 December 2011

Contents

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Directors' report

Your directors present their report on Ferrum Crescent Limited ("Ferrum", "the Company" or, together with its controlled entities, "the Group") for the half-year from 1 July 2011 to 31 December 2011.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Ed Nealon
Bob Hair (appointed 13 July 2011)
Klaus Borowski
Kofi Morna
Ted Droste
Grant Button

Review and results of operations

Operating Results

During the half-year 1 July 2011 to 31 December 2011, the Group recorded a net profit after tax of $5,160,255 (1 July 2010 to 31 December 2010: net loss of $3,471,317). As at 30 June 2011, a financial liability was created in the accounting for the BEE share subscription agreement Australian Accounting Standards require this liability, which will be satisfied by the issue of the shares, to be re-measured each reporting period to its fair value. The assessment of fair value is significantly impacted by the market value of the shares to be issued in comparison with the subscription price denominated in RAND. As at 31 December 2011, this liability had decreased as a result of a movement in the underlying Company share price and the AUD/RAND exchange rates.

Principal Activities

Moonlight Iron Ore Project

During the half-year, the Company continued to develop and define the resource potential of the Moonlight Iron Ore Project ("Moonlight" or "the Project") (Ferrum interest approximately 81.5%) in Limpopo Province of South Africa. It is located on three farms (Moonlight, Julietta and Gouda Fontein) and has a JORC compliant resource of 74Mt in the Indicated Resource category and 225Mt in the Inferred Resource category at a grade of 30% iron. Beneficiation testwork of Moonlight mineralisation indicates that a simple process of low intensity magnetic separation is suitable for optimum concentration and that the level of impurities (such as SiO_2, and Al_2O_3) is very low.

To date, the work has focused on various aspects of the project including the pipeline route, plant location and pipeline access at Lephalale and beneficiation processes. The Company has also identified pipeline engineering and mining contractors and received expressions of interest from suppliers of processing plant equipment.

Drilling

During the half year, The Mineral Corporation Consultancy (Pty) Ltd ("The Mineral Corporation") was commissioned to carry out an updated JORC compliant resource estimate taking into account the results of the phase 3 drilling and assays on the Moonlight deposit ("the Report"). Phase 3 consisted of 11 holes totalling 990m of diamond core drilling and 13 holes totalling 1,600m of reverse circulation ("RC") drilling. The Mineral Corporation plans to complete the Report by the end of April 2012 (assuming that no material adjustments to the work programme are required due to unforeseen circumstances).

Directors' report (cont.)

The proposed drilling at the Julietta and Gouda Fontein farms adjacent to the Moonlight deposit, will seek to confirm the magnetite mineralisation previously drilled by South African Iron and Steel Industrial Corporation ("Iscor"). Iscor was the South African government-owned integrated iron and steel company which is now owned by ArcelorMittal. It is anticipated that around 14,000m of drilling will be carried out, consisting of both RC and core drilling. The purpose of the drilling is to establish a total resource estimate for the deposit on all three farms. Planning for this drilling program is well advanced. It is anticipated that a further report, including the Julietta and Gouda Fontein exploration results and resource estimate, will be completed by the end of calendar year 2012.

Infrastructure

Positive discussions at a high level relating to rail, power, ports and water between the Company, Transnet and other South African infrastructure suppliers were held during the half year. In addition, Ferrum has been and continues discussing such infrastructure needs with other resources companies within the Waterberg region (where the anticipated Moonlight Iron Ore Project is located). These companies, particularly those within the coal mining sector, have similar infrastructure requirements to Ferrum, and initial discussions have led to a potentially more optimal outcome than being contemplated in the ongoing Definitive Feasibility Study ("DFS"). To allow the Board time to consider current infrastructure development programmes planned across Southern Africa, certain DFS activities have been deferred until we are satisfied all logistical options have been received. This means that the full completion of the DFS will be likely delayed from Q4 2012 into 2013.

Mining Right Application

In conjunction with the DFS, supporting plans and studies in order to progress the Group's mining right application were advanced. Under the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) of South Africa and the National Environmental Management Act (Act 107 of 1998) of South Africa, the Company completed and submitted an environmental impact assessment report within 180 days of the mining right application. The report was submitted during the half year, following the incorporation of comments arising from the public consultation process which was held in August.

The Company's subsidiary, Turquoise Moon Trading 157 (Pty) Ltd ("Turquoise Moon"), has been the holder of Ferrum's interests in both the Moonlight Deposit and the De Loskop prospect. Previously, these were both held under a single prospecting right and mining right application. The Department of Mineral Resources ("DMR") allowed the submission of an amended mining right application with De Loskop excluded from the mining right application, with the result that Turquoise Moon can concentrate wholly on developing Moonlight as a mining project while allowing De Loskop to be treated as a prospecting area. Administratively and practically, due to the distance between the project areas, it was considered advantageous to deal with the two areas separately. The mining right application for the Moonlight deposit, which was submitted in January 2011, is expected to be completed in the near future.

Turquoise Moon's prospecting right under which it held the Moonlight Deposit and the De Loskop prospect expired on 8th March 2012. The Moonlight Deposit is the subject of the mining right application, covering the farms Moonlight, Julietta and Gouda Fontein. In respect of De Loskop, the Group has entered into an agreement with local communities who hold approximately 60% of the area previously the subject of Turquoise Moon's prospecting right, whereby the Group will assist those communities to obtain a preferential prospecting right under the Mineral and Petroleum Resources Development Act and the Group will have a right to "farm into" that area (up to an agreed majority percentage) by the carrying out of prospecting activities.

Directors' report (cont.)

Corporate

On the 11th November 2011, the Company announced its successful admission to the Johannesburg Stock Exchange Limited ("JSE").

The JSE inward listing was a necessary condition precedent to facilitate the Company's Black Economic Empowerment ("BEE") share exchange and investment at a listed company level, complying with the objectives of the South African Government's Mineral and Petroleum Resources Development Act ("MPRDA") and the revised Mining Charter. Mkhombi is a partner with significant industry experience and also includes two women's organisations and a community trust representing local Limpopo communities affected by the Company's Moonlight Iron Ore Project. Mr Kofi Morna, who is a director of Mkhombi, is also a director of Ferrum Crescent.

The JSE granted the Company a secondary listing of 298,691,705 shares, representing the entire issued ordinary share capital of Ferrum Crescent, in the "Basic Materials – Basic Metals – Industrial Metals & Iron – Iron & Steel" sector under the abbreviated name "Ferrum" and share code "FCR". No funds were raised through the JSE listing process.

During the half-year there were several changes to the composition of the Board and Management of the Company. Mr Bob Van Der Laan resigned as Chief Financial Officer with his duties being covered by Mr Grant Button, Beverley Gardner, Senior Accountant, in South Africa and an accounting firm in Australia.

Mr Bob Hair joined the Board as Managing Director in July 2011 having been an executive member of the Ferrum Crescent team as Joint Company Secretary since January 2010. Mr Hair is a lawyer with over 23 years experience in the resources sector and has extensive international experience in the legal, commercial, financial and organisational aspects of exploration, mining and processing operations. From 2008, Mr Hair was a director of what is now the Company's subsidiary, Ferrum Metals Pty Ltd, and in that capacity was a key member of the team that was responsible for the acquisition of Ferrum Crescent's interest in the Moonlight Iron Ore Project.

Events subsequent to reporting date

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

(i) The Company's operations in future financial periods; or

(ii) The results of those operations in future financial periods; or

(iii) The Company's state of affairs in future financial periods.

Competent Person's Statement:

The information in this report is based on information compiled by Lindsay Cahill, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Cahill has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cahill is a consultant to Ferrum Crescent Limited and the mining industry. This report is issued with Mr Cahill's consent as to the form and context in which the exploration results appear.

Directors' report (cont.)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Dated at Perth this 15 day of March 2012

Signed in accordance with a resolution of the Directors.

G. Button.

Grant Button
Finance Director

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

In relation to our review of the financial report of Ferrum Crescent Limited for the half year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

F Drummond
Partner
Perth
15 March 2012

Ferrum Crescent Limited

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Consolidated Statement of Comprehensive Income

For the half-year from 1 July 2011 to 31 December 2011

	Note	6 months to 31 December 2011 $	6 months to 31 December 2010 $
Revenue from continuing operations			
Revenue	3(a)	128,032	16,956
		128,032	16,956
Other income	3(b)	7,458,910	1,265,242
Exploration expenditure		(964 515)	(440,663)
Foreign exchange loss		(16,654)	(854,059)
Share based payments		-	(1,375,177)
Other expenses	3(c)	(1,445,518)	(2,083,616)
Profit / (Loss) before income tax		**5,160,255**	**(3,471,317)**
Income tax benefit / (expense)		-	-
Net Profit / (Loss) for the period		**5,160,255**	**(3,471,317)**
Other comprehensive income			
Net exchange gain / (loss) on translation of foreign operation		23,561	786,380
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 / (loss) for the period, net of tax		**23,561**	**786,380**
Total comprehensive profit / (loss) for the period		**5,183,816**	**(2,684,937)**
Net profit/ (loss) for the period is attributable to:			
Non-controlling interest		-	-
Owners of the parent		5,160,255	(3,471,317)
		5,160,255	(3,471,317)
Total comprehensive profit / (loss) for the period attributable to:			
Non-controlling interest		-	-
Owners of the parent		5,183,816	(2,684,937)
		5,183,816	(2,684,937)

Profit / (Loss) per share attributable to the ordinary equity holders of the Company

Earnings per share	**Cents per share**	**Cents per share**
basic profit / (loss) per share	2.11	(1.47)
diluted profit / (loss) per share	2.11	(1.47)

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

Ferrum Crescent Limited
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Consolidated Statement of Financial Position

As at 31 December 2011

	Note	31 December 2011 $	30 June 2011 $
Current Assets			
Cash and cash equivalents		4,671,638	8,116,009
Trade and other receivables		191,854	283,725
Other financial assets		-	42,842
Prepayments		216,175	31,580
Total Current Assets		**5,079,667**	**8,474,156**
Non-current Assets			
Plant and equipment		123,941	146,913
Total Non-current Assets		**123,941**	**146,913**
Total Assets		**5,203,608**	**8,621,069**
Current Liabilities			
Trade and other payables	5	964,183	2,099,756
Provisions		-	6,794
Financial liabilities	6	957,713	8,416,623
Total Current Liabilities		**1,921,896**	**10,523,173**
Total Liabilities		**1,921,896**	**10,523,173**
NET ASSETS / (LIABILITIES)		**3,281,712**	**(1,902,104)**
Equity / (Shareholders' Deficit)			
Contributed equity	7	27,392,728	27,392,728
Reserves	9	(8,753,537)	(8,777,098)
Accumulated losses		(15,357,479)	(20,517,734)
PARENT INTEREST		**3,281,712**	**(1,902,104)**
NON-CONTROLLING INTEREST		-	-
TOTAL EQUITY / (SHAREHOLDERS' DEFICIT)		**3,281,712**	**(1,902,104)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Ferrum Crescent Limited

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Consolidated Statement of Changes in Equity

For the half-year from 1 July 2011 to 31 December 2011

	Issued Capital $	Employee Share Incentive Reserve $	Accumulated Losses $	Option Reserve $	Foreign Exchange Reserve $	Equity Reserve $	Total Equity $
At 1 July 2010	12,146,950	-	(12,375,940)	1,136,062	109,455	**-**	**1,016,527**
Loss for the period	-	-	(3,471,317)	-	-	**-**	**(3,471,317)**
Other comprehensive income (net of tax)	-	-	-	-	786,380	**-**	**786,380**
Total comprehensive loss (net of tax)	**-**	**-**	**(3.471,317)**	**-**	**786,380**	**-**	**(2,684,937)**
Transactions with owners in their capacity as owners							
Shares issued	16,619,411	-	-	-	-	**-**	**16,619,411**
Shares issued under employee share incentive plan	579,150	(564,901)	-	-	-	-	**14,249**
Transaction costs on shares issued	(1,769,273)	-	-	-	-	-	**(1,769,273)**
Acquisition of non controlling interest	-	-	-	-	-	(11,218,637)	**(11,218,637)**
Options issued under Employee Option plan	-	-	-	268,363	-	-	**268,363**
Share based payment to locally impacted community	-	-	-	-	-	1,092,565	**1,092,565**
At 31 December 2010	**27,576,238**	**(564,901)**	**(15,847,257)**	**1,404,425**	**895,835**	**(10,126,072)**	**3,338,268**
At 1 July 2011	27,392,728	(169,303)	(20,517,734)	1,404,425	113,852	(10,126,072)	(1,902,104)
Profit for the period	-	-	5,160,255	-	-	-	5,160,255
Other comprehensive income	-	-	-	-	23,561	-	23,561
Total comprehensive loss (net of tax)	-	-	5,160,255	-	23,561	-	5,183,816
Transactions with owners in their capacity as owners							
At 31 December 2011	**27,392,728**	**(169,303)**	**(15,357,479)**	**1,404,425**	**137,413**	**(10,126,072)**	**3,281,712**

Ferrum Crescent Limited
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Consolidated Statement of Cash Flows

For the period 1 July 2011 to 31 December 2011

	Note	6 months to 31 December 2011 $	6 months to 31 December 2010 $
Cash flows from operating activities			
Interest received		128,032	16,956
Proceeds received from sale of tenements		-	600,000
Payments to suppliers and employees		(2,193,931)	(2,370,414)
Exploration and evaluation costs		(965,199)	(440,663)
Net cash flows used in operating activities		**(3,031,098)**	**(2,194,121)**
Cash flows from investing activities			
Proceeds from the sale of available for sale investments	3(b)(i)	-	1,574,820
Payments for plant and equipment		(4,568)	(59,557)
Payment to acquire non-controlling interest		-	(3,237,830)
Net cash flows (used in) / from investing activities		**(4,568)**	**(1,722,567)**
Cash flows from financing activities			
Proceeds from issue of shares		-	16,619,411
Costs of capital raising		-	(1,769,273)
Net cash flows from financing activities		**-**	**14,850,138**
Net increase in cash and cash equivalents		**(3,035,666)**	**10,933,450**
Cash and cash equivalents at beginning of period		8,116,009	529,225
Effect of foreign exchange on cash		(408,705)	(47,291)
Cash and cash equivalents at end of period		**4,671,638**	**11,415,384**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

For the period 1 July 2011 to 31 December 2011

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim financial statements are a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Ferrum Crescent Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim report period.

Since 1 July 2011 the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2011. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any new standards or interpretations that are not mandatorily effective.

The interim report has been prepared on a historical cost basis except for the forward subscription agreement which is measured at fair value. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report for the year ended 30 June 2011.

Going Concern

The Company incurred an operating profit after income tax of $5,160,255 for the period ended 31 December 2011, whilst cash balances as at 31 December 2011 were $4,671,638.

The Group has sufficient cash and assets to meet its ongoing exploration commitments and administration expenditure, the directors recognise there may be a need to raise additional finance to meet any changes in the working capital requirements into the future by way of changes to operational intentions or exploration activity profiles.

Accordingly, the Directors believe that the consolidated entity can continue as a going concern and it is appropriate to adopt that basis of accounting in the preparation of the financial report.

For the period 1 July 2011 to 31 December 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised Accounting Standards

In the half year ended 31 December 2011, the Company has applied all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

NOTE 2: SEGMENT INFORMATION

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

For the period 1 July 2011 to 31 December 2011

NOTE 3: REVENUE AND EXPENSES

The profit for the half-year includes the following items:

	Dec 2011 $	Dec 2010 $
(a) Revenue		
Interest	128,032	16,956
Total Revenue	**128,032**	**16,956**
(b) Other Income		
Sale of available for sale investments (i)	-	665,242
Sale of tenements (ii)	-	600,000
Fair value gain on financial liability (note 6)	7,458,910	-
	7,458,910	1,265,242
(c) Other expenses		
Other expenses include the following:		
- Depreciation	15,548	4,347
- Disposal of plant and equipment	435	2,258
- Consulting Services	236,625	398,692
- Employment related services	118,182	698,622
- Other	1,074,728	979,697
	1,445,518	2,083,616

(i) In August and September 2010, the Group disposed of its interest in 12,460,071 shares and 1,873,667 options held in Northern Uranium for $1,574,820. These financial assets were designated as available for sale, with all prior gains on such investments taken to equity. The fair value change of the financial assets of $665,242 from 1 July 2010 to the date of sale was taken to the available for sale reserve. The above amount represents the release of the unrealised gains reserve upon sale (gross of tax).

(ii) During the 6 months ended December 2010 Ferrum Crescent Limited entered into and completed an agreement with Northern Uranium Limited ("Northern) (ASX: NTU) to dispose of all of its Australian mineral exploration interests for a cash sum of $600,000. The offer from Northern was subject to both due diligence on the Company's tenement interests and the consent where relevant of joint ventures. Due diligence was concluded favourably, and a pre-emptive right was exercised with the result that the Group's Australian exploration assets were all sold during the half.

The sale of these Australian exploration interests has enabled the Company and its management to focus on developing its iron ore interest in South Africa and in particular to concentrate on progressing the Moonlight Iron Ore Project and finalising the mining right application process in respect of the Moonlight Deposit.

NOTE 4: AVAILABLE-FOR-SALE INVESTMENTS

The Group disposed of its entire shareholding in Northern Uranium Limited during the year ended 30 June 2011. Refer to note 3(b)(i) for further details.

NOTE 5: TRADE AND OTHER PAYABLES

		Dec 2011	Jun 2011
		$	$
Current			
Trade and other payables		90,433	1,063,256
Minority purchase obligation	(i)	873,750	1,036,500
		964,183	2,099,756

(i) In 2010, various agreements were entered into in respect of the minority interest in the Moonlight Iron Project.

A company, Mkhombi Investments (Pty) Ltd ("Mkhombi Investments"), which meets the requirements of applicable South African legislation in respect of historically disadvantaged persons (referred to in South Africa as being "BEE controlled"), entered into an agreement on 26 October 2010 with the then current holder of 26% of Turquoise Moon Trading 157 (Pty) Ltd ("TMT") to purchase that holder's right, title and interest in TMT for ZAR30 million (approximately AUD4.4 million) ("TMT Sale Agreement"). The South African Department of Mineral Resources expressed its support of the transaction.

Nelesco 684 (Pty) Ltd ("Nelesco"), a wholly owned subsidiary of the Company, entered into agreements with Mkhombi Investments and its holding company, Mkhombi AmaMato (Pty) Ltd ("AmaMato"), the terms of which provide for the following to take place:

a) Nelesco would be issued shares in Mkhombi Investments such that it holds an initial 32.17% interest in Mkhombi Investments, with the remaining 67.83% held by AmaMato;
b) AmaMato would lend the sum of ZAR7.5 million to Mkhombi Investments, to be applied as part of the purchase price under the TMT Sale Agreement. The advance, which has been made as at 31 December 2010, does not attract interest and is only repayable in certain circumstances (namely, the failure of the conditions precedent set out in the Subscription Agreement, as defined below);
c) Nelesco would lend the sum of ZAR22.5 million to Mkhombi Investments, to be applied as paying the balance of the purchase price under the TMT Sale Agreement. The advance, which has been made as at 31 December 2010, does not attract interest and is repayable in certain circumstances (namely, the failure of the conditions precedent set out in the Subscription Agreement, as defined below);
d) Mkhombi Investments would issue shares and / or Nelesco will transfer some of its shares in Mkhombi Investments so that 11.54% of Mkhombi Investment's shares on issue are held by a trust representing the locally impacted community, with the resulting shareholdings being AmaMato 60%, Nelesco 28.46%, and the locally impacted community 11.54%; and
e) AmaMato will, subject to the conditions precedent to the Subscription Agreement, as defined below, sell its entire right, title and interest in, and all of its claims against, Mkhombi Investments to Nelesco for ZAR7.5 million (A$873,750).

For the period 1 July 2011 to 31 December 2011

NOTE 5: TRADE AND OTHER PAYABLES (CONT.)

A subscription agreement was entered into between the Company and AmaMato on 4 November 2010 (the “Subscription Agreement”). On completion of the Subscription Agreement (subject to the fulfilment of the conditions precedent to that agreement), AmaMato will subscribe for such number of shares in the Company as is equal to 7.8% of the issued shares at that time (the “First Subscription”). The price payable for the subscription for the Shares under the First Subscription will be ZAR7.5 million.

Under the Subscription Agreement, AmaMato will also, on or before the later of (i) the date falling 10 business days after the Closing Date (as defined in the Subscription Agreement) and (ii) 30 November 2011 (the “Subscription Period”), which period will be extended by the Company for a period of 1 year in the event that it raises not less than ZAR7.5 million in 2011, subscribe for a further 7.8% of the issued shares of the Company (calculated by reference to the issued share capital of the Company at the time of the First Subscription adjusted for any subsequent share splits, consolidations or bonus capitalisations) for a further ZAR7.5 million. The date by which the conditions precedent to the completion of the Subscription Agreement had to be met was specified as 21 December 2011. During the half-year, an addendum to the Subscription Agreement was entered into whereby this date was amended to 1 November 2012.

The conditions precedent to the Subscription Agreement include no insolvency event occurring, the granting of a mining right in respect of the Project, necessary South African Reserve Bank approvals and shareholder and other approvals required under the Corporations Act and the AIM/ASX listing rules, including shareholder approval. The Company plans during April 2012 to hold a shareholders’ meeting to obtain this approval.

In the event that the conditions precedent to the Subscription Agreement are not fulfilled by 1 November 2012, 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 price of ZAR12.5 million (A$1.45m).

Kofi Morna, a Director of the Company, is also a director of AmaMato and of Mkhombi Investments. He became a Director of the Company during the period for the purposes of the above transaction. He holds an(A$1.45m) indirect non-controlling interest in AmaMato.

Upon completion of the Subscription Agreement, the Company will legally own directly and indirectly through its wholly owned subsidiary, Mkhombi Investments, 97% of TMT, with the remaining 3% held by the GaSeleka Community.

In the opinion of the Directors, the conditions precedent to the Subscription Agreement are essentially procedural in nature, following the completion of the Company’s capital raising of 10 million pounds Sterling (“GBP”) (equal to approximately AUD 16 million) before expenses, completed on 16 December 2010. As such, while the Company’s legal interest in the Moonlight Iron Ore Project increased from 74% to approximately 81.5%, the Group has held an effective interest in the underlying project of 97% as at 31 December 2010 as a result of the minority purchase obligation.

NOTE 6: FINANCIAL LIABILITIES

	Dec 2011	Jun 2011
	$	$
Current		
Financial liability at fair value through profit and loss – forward subscription agreement	957,713	8,416,623
	957,713	**8,416,623**

For the period 1 July 2011 to 31 December 2011

NOTE 6: FINANCIAL LIABILITIES (Cont.)

The above liability will be settled in the company's shares and not in cash. As described above in note 5, in the opinion of the Directors, the remaining procedural conditions precedent under the Subscription agreement will be fulfilled within one year from balance date. Under the Subscription Agreement, the Company has agreed to issue shares to AmaMato equal to 15.6% of the issued share capital of the Company for ZAR15 million. The above financial liability, measured at fair value through profit and loss, represents the Company's best estimate of the fair value of this contractual arrangement.

The forward subscription agreement valuation is very sensitive to the movement in the Group's share price (31 December 2011: $0.049; 30 June 2011: $0.19) and the RAND / AUD exchange rate (31 December 2011: $0.117; 30 June 2011: $0.138), accordingly the large changes in these market rates has seen a corresponding impact on the fair value movement at 31 December 2011.

NOTE 7: ISSUED CAPITAL	**Dec 2011 No. of Shares**	**June 2011 No. of Shares**	**Dec 2011 $**	**June 2011 $**
(a) Share Capital				
Ordinary Shares				
Ordinary Shares fully paid	**298,691,705**	298,691,705	**27,392,728**	27,392,728
TOTAL ISSUED CAPITAL	**298,691,705**	298,691,705	**27,392,728**	27,392,728
Employee share plan shares	**(6,445,000)**	(6,445,000)	**(509,905)**	(509,905)
	292,246,705	292,246,705	**26,882,823**	26,882,823

(b) Movements in ordinary share capital

	Half-Year 31 December 2011		Half-Year 31 December 2010	
	Number	**$**	Number	$
At Beginning of the reporting period	**298,691,705**	**27,392,728**	177,754,699	12,146,950
Issued shares resulting from 1:10 exchange of listed options	**-**	**-**	8,012,006	-
Issued at 12 cents per share	**-**	**-**	10,000,000	1,200,000
Issue of treasury shares with non-recourse loans	**-**	**-**	2,925,000	579,150
Issued at 16 cents per share	**-**	**-**	100,000,000	15,419,411
Costs relating to issue of shares	**-**	**-**	-	(1,952,783)
At Reporting date	**298,691,705**	**27,392,728**	298,691,705	27,392,728
Employee share plan shares on issue	**(6,445,000)**	**(509,905)**	(6,445,000)	(509,905)
	292,246,705	**26,882,823**	292,246,705	26,882,823

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For the period 1 July 2011 to 31 December 2011

NOTE 7: ISSUED CAPITAL (CONT.)

	Number	$
(c) Movements in employee share plan shares issued with limited recourse loans.		
At beginning of reporting period	6,445,000	509,905
At reporting date	**6,445,000**	**509,905**

Executive Share Incentive Plan
Under the plan, eligible employees are offered shares in The Company at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESIP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are held on trust for the benefit of the participant and will only be transferred into the participant's name once the loan has been fully repaid. ESIP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. The loans are to be repaid via the application of any dividends received from the shares and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus on sale is remitted to the participant while any shortfall is borne by the Group.

No new shares have been issued on the Executive Share Incentive Plan for the 6 months ended 31 December 2011.

NOTE 8: LISTED OPTIONS

	31 December 2011 No. of Options	30 June 2011 No. of Options
Options		
At end of reporting period the following options were on issue:		
- 31 December 2013 Options exercisable at 40 cents per share	**21,496,727**	21,496,727

Movement	**31 December 2011 No. of Options**	30 December 2010 No. of Options
At Beginning of the reporting period	**21,496,727**	101,616,729
Options cancelled during the year	**-**	(80,120,002)
At Reporting date	**21,496,727**	21,496,727

Options issued in consideration for services
No options were issued in the period 1 July 2011 to 31 December 2011.

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NOTE 9: RESERVES

	Share based payment reserve	Option Reserve	Foreign exchange reserve	Equity reserve	Total
	$	$	$	$	$
At 1 July 2010	-	1,136,062	109,455	-	1,245,517
Share based payments expense	(564,901)	-	-	-	(564,901)
Options based payments expense	-	268,363	-	-	268,363
Currency translation differences	-	-	786,380		786,380
Acquisition of non controlling interest	-	-	-	(12,884,340)	(12,884,340)
Share based payment to locally impacted community				1,092,565	1,092,565
At 31 December 2010	**(564,901)**	**1,404,425**	**895,835**	**(11,791,775)**	**(10,056,416)**
At 1 July 2011	**(169,303)**	**1,404,425**	**113,852**	**(10,126,072)**	**(8,777,098)**
Currency translation differences	-	-	23,561	-	23,561
At 31 December 2011	**(169,303)**	**1,404,425**	**137,413**	**(10,126,072)**	**(8,753,537)**

Nature and purpose of reserves

Share based payments reserve
This reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration.

Options reserve
This reserve is used to record the value of options issued, other than share-based payments to directors, employees and consultants as part of their remuneration.

Foreign Exchange Reserve
The foreign exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity Reserve
The Equity reserve is used to record the acquisition of the non controlling interest by the Group and to record differences between the carrying value of non controlling interests and the consideration paid / received, where there has been a transaction involving non controlling interests that do not result in a loss of control.

The reserve is attributable to the equity of the parent.

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For the period 1 July 2011 to 31 December 2011

NOTE 10: EARNINGS PER SHARE

	December 2011	December 2010
(a) Basic (loss) / earnings per share – cents per share	2.11	(1.47)
Diluted (loss) / earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.		
(b) Diluted (loss) / earnings per share – cents per share	2.11	(1.47)
Diluted (loss) / earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.		
(c) Reconciliations	5,183,818	(3,471,317)
Net (loss) profit used in calculating basic and diluted earnings per share		
(d) Headline (Loss) / Earnings per share disclosed as required by the JSE Limited		
(Loss) / profit attributable to ordinary equity holders of the parent entity.	5,183,818	(3,471,317)
Adjusted net of Tax:		
IAS 16 (loss) / profit on disposal of plant and equipment	435	-
Profit on sale of available for sale investments	-	(665,242)
Profit on sale of Tenements	-	(600,000)
Headline Earnings	**5,184,253**	**(4,736,559)**

	Number of Shares	Number of Shares
Weighted average number of shares used in the above calculations	245,275,224	245,725,224

NOTE 11: CONTINGENCIES AND COMMITMENTS

The group has committed to rental payments on office premises in Perth and Johannesburg. The current commitments to the end of the lease periods are as follows:-

	Duration	$ Value
Perth	April 2012 to May 2014	58,940
Johannesburg	April 2012 to March 2015	111,406

There are no minimum expenditure requirements in South Africa in relation to mining tenements.

NOTE 12: RELATED PARTY TRANSACTIONS

Other than those transactions disclosed elsewhere in the financial report there have been no material related party transactions with Directors, key management personnel or related parties in the current.

NOTE 13: EVENTS OCCURRING SUBSEQUENT TO THE REPORTING DATE

Mining Right Application

Turquoise Moon's prospecting right under which it held the Moonlight Deposit and the De Loskop prospect expired on 8th March 2012. The Moonlight Deposit is the subject of a mining right application, which is expected to be granted imminently, covering the farms Moonlight, Julietta and Gouda Fontein. In respect of De Loskop, the Group has entered into agreement with local communities who hold approximately 60% of the area previously the subject of Turquoise Moon's prospecting right, whereby the Group will assist those communities to obtain a preferential prospecting right under the Mineral and Petroleum Resources Development Act and the Group will have a right to "farm into" that area (up to an agreed majority percentage) by the carrying out of prospecting activities.

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For the period 1 July 2011 to 31 December 2011

Directors' declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position as at 31 December 2011 and the performance for the period 1 July 2011 to 31 December 2011 of the Company; and

   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Grant Button
Finance Director

Perth
15 March 2012

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To the members of Ferrum Crescent Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ferrum Crescent Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Ferrum Crescent Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

F Drummond
Partner
Perth
15 March 2012