



14 October 2014

[Shareholder address]

Dear Shareholder

LETTER TO ELIGIBLE SHAREHOLDERS – FERRUM CRESCENT LIMITED NON-RENOUNCEABLE RIGHTS ISSUE

As announced on 9 October 2014, Ferrum Crescent Limited (**Ferrum Crescent** or the **Company**) is undertaking a partially underwritten 2 for 3 non-renounceable pro rata rights issue of new fully paid ordinary shares in the capital of FCR (**New Shares**) to raise up to approximately A\$2,029,881.48 (before costs, and subject to rounding and exchange rate variations) (**Rights Issue**).

1. KEY FEATURES OF THE RIGHTS ISSUE

Eligibility

Subject to certain exceptions, the Rights Issue is open to existing holders of shares in the Company (**Shareholders**) with a registered address in Australia, New Zealand, the United Kingdom, South Africa, Hong Kong and any other jurisdiction in which the Ferrum Crescent board determines a Shareholder is not prohibited from participating in the Rights Issue and is eligible to receive an offer under the Rights Issue without disclosure, lodgement, registration or filing (**Eligible Shareholders**) as on 20 October 2014 at 5.00pm (AWST) for Shareholders on the Australian register), 5.00pm (GMT) for Shareholders on the UK register, and 5.00pm (SAST) for Shareholders who hold shares on the South African register (**Record Date**).

Entitlement to New Shares

The New Shares will be offered to Eligible Shareholders on the basis of 2 New Shares for every 3 shares held on relevant Record Date at an offer price of A\$0.008 (for Eligible Shareholders on the Australian register), 0.44 pence (for Eligible Shareholders on the UK register) and ZAR0.0788 (for Eligible Shareholders on the South African register) per New Share.

For the purposes of determining the entitlement of each Eligible Shareholder, shares held by Shareholders on different registers will be treated separately and each entitlement will be rounded up to the nearest whole number of New Shares.

Shortfall Shares

Eligible Shareholders will also be given the opportunity to subscribe for New Shares not taken up by Eligible Shareholders (**Shortfall Shares**) over and above their pro rata entitlement. There is no guarantee that there will be any Shortfall Shares and the Board reserves the right to issue or not issue Shortfall Shares in its absolute discretion including applying scale-back to applications for Shortfall Shares.

Terms of New Shares

The New Shares will be fully paid and will rank equally with Ferrum Crescent's existing issued ordinary shares.

Underwriting

Patersons Securities Limited (**Patersons**) is the lead manager and underwriter of the Rights Issue and, pursuant to the underwriting agreement, has conditionally agreed to partially underwrite the Rights Issue for an aggregate subscription amount of A\$860,000. Patersons will be paid an underwriting fee of approximately 5% of the underwritten amount of the Rights Issue.

Use of funds

The proceeds of the Rights Issue will be used as working capital to allow Ferrum Crescent to continue its bankable feasibility study in respect of the Moonlight Iron Ore Project in South Africa.

Further details of the use of funds are set out in the announcement of the Rights Issues released on 9 October 2014.

Change to issued capital

Ferrum Crescent currently has 380,602,777 Shares on issue. Upon completion of the Rights Issue, Ferrum Crescent will have issued up to approximately 253,735,185 New Shares resulting in a total of up to approximately 634,337,962 ordinary shares on issue.

Shareholder approval

Shareholder approval is not required for the Rights Issue and, therefore, no Shareholder approval will be sought.

Key dates

The key dates for the Rights Issue are set out in the annexure to this letter.

2. OFFER BOOKLET

The offer booklet for the Rights Issue (**Offer Booklet**) will be available for download from Ferrum Crescent's website (www.ferrumcrescent.com) and will be despatched to Eligible Shareholders together with a personalised entitlement and acceptance form by 23 October 2014.

The Offer Booklet contains important information on the key terms of the Rights Issue, including the eligibility criteria for, and risk factors associated with, the Rights Issue. You should read the entire Offer Booklet carefully before deciding whether to participate in the Rights Issue.

The Rights Issue is being undertaken in accordance with section 708AA of the Corporations Act and, accordingly, no prospectus is required to be prepared in connection with the Rights Issue.

3. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

A.C.N. 097 532 137
Share code FCR on the ASX, AIM and the JSE
www.ferrumcrescent.com
info@ferrumcrescent.com

L4, Suite 5, South Shore Centre, 85 The Esplanade
SOUTH PERTH WA 6151, AUSTRALIA
PO Box 189, South Perth, WA 6951
Tel: +61 8 9367 5681 Fax: +61 9238 0722

If you are an Eligible Shareholder, subject to any restrictions imposed under applicable foreign securities laws, you may:

- take up all or part of your entitlement to acquire New Shares under the Rights Issue;
- take up all of your entitlement to acquire New Shares and apply for Shortfall Shares; or
- do nothing.

Eligible Shareholders should refer to Section 6 of the Offer Booklet for further information regarding these options.

Your entitlement may have value and it is important you determine whether to (in whole or in part) take up or do nothing in respect of your entitlement. Eligible Shareholders should read all of the information set out in the Offer Booklet, including the risk factors, before making a decision in respect of the Rights Issue. You should ensure that you understand the tax consequences of any action that you take or of doing nothing.

For further information on your eligibility for the Rights Issue, or how to deal with the Rights Issue, please contact the relevant share registry as set out below.

For Eligible Shareholders on the Australian register	Computershare Investor Services +61 8 9323 2000 or 1300 557 010 (within Australia)
For Eligible Shareholders on the UK register	Computershare Investor Services PLC +44 (0) 0870 702 0000
For Eligible Shareholders on the South African register	Computershare Investor Services (Proprietary) Ltd +27 11 370 5000 or 086 1100 634 or corporate.events@computershare.co.za .

For other questions, you should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

The Ferrum Crescent Board is pleased to offer this opportunity to you.

Yours faithfully



Tom Revy
Director

ANNEXURE

KEY DATES FOR THE RIGHTS ISSUE

Event	Date
Announcement of the Rights Issue	9 October 2014
Notice to Shareholders to inform them of the Rights Issue and indicative timetable	14 October 2014
Shares trade on ASX on 'ex' entitlement basis	16 October 2014
Record Date for the Rights Issue (5.00pm (AWST) for Eligible Shareholders on the Australian Register, 5.00pm (GMT) for Eligible Shareholders on the UK Register, and 5.00pm (SAST) for Eligible Shareholders on the South African Register)	20 October 2014
Rights Issue opens	23 October 2014
DI CREST Entitlements issued	23 October 2014
Closing Date for the Rights Issue for Eligible Shareholders on the UK Register at 11.00am	3 November 2014 (unless extended)
Closing Date for the Rights Issue (5.00pm (AWST) for Eligible Shareholders on the Australian Register, 12.00pm (SAST) for Eligible Shareholders on the South African Register)	3 November 2014 (unless extended)
New Shares commence trading on ASX a deferred settlement basis	5 November 2014
Notification of shortfall	6 November 2014
Issue and allotment of New Shares (and dispatch of refund payments in respect of any unsuccessful applications under the Shortfall Offer)	10 November 2014
Dispatch of holding statements for New Shares trading on ASX	11 November 2014
Allotment and issue of New Shares trading on AIM and JSE at commencement of trading	11 November 2014
Normal trading of New Shares on ASX	12 November 2014

Note: Dates and times are indicative only and subject to change. The commencement of quotation of New Shares is subject to confirmation from ASX, LSE and JSE. Ferrum Crescent reserves the right, subject to the Corporations Act, ASX Listing Rules, AIM Rules and other applicable laws to vary the dates of the Rights Issue in consultation with the Lead Manager and Underwriter, including extending the Rights Issue or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw an application once it has been accepted. No cooling-off rights apply to the Rights Issue.