



Ferrum Crescent Limited

31 October 2016

Ferrum Crescent Limited

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

Quarterly Activities and Cashflow Report For the period ended 30 September 2016

Highlights

Moonlight Iron Project

- Development options under review for potential reduced cost production pathways
- Study initiated on pelletising technology
- Review of product offtake agreements
- Transportation costing review for various product types
- Mining Right Annual Compliance Report completed and filed
- Memorandum of Agreement and co-operation framework signed with Lephalale Local Municipality securing the necessary consents from local stakeholders for progression of the project into future development

Spanish lead-zinc exploration projects

- 100% of the share capital of GoldQuest Iberica, S.L. ("**GoldQuest**") acquired by Ferrum Crescent following exercise of the Company's exclusive option from TH Crestgate GmbH ("**Crestgate**") on 22 September 2016
- Toral & Lago lead-zinc exploration assets 100% owned by GoldQuest (the "**Spanish Projects**")
- Planned exploration work programme developed seeking to reinterpret the historic data package, including historic drill core samples and surface work with processing analysis to then be carried out

Corporate

- £374,453 raised through a share placement with the net proceeds to be utilised for general working capital purposes and the progression of the Spanish Projects. 205,949,134 options, in aggregate, issued in connection with this fundraising entitling the holders to subscribe for new ordinary shares at a price of 0.30 pence per share for a two year period

- 117,054,266 new ordinary shares issued further to the exercise of options at a price of 0.165 pence per share
- £326,500 paid in cash and 100 million new ordinary shares of no par value each in the capital of the Company issued to Crestgate's wholly owned subsidiary, GoldQuest Mining (Spain) Corp., as consideration for the acquisition of 100% of the shares in GoldQuest, further to the exercise of the Company's abovementioned option
- Cash balance at the end of the quarter: A\$1,162,000

Post Quarter End:

- A further 181,560,288 options exercised at a price of 0.165 pence per new ordinary share, raising £299,574 gross

Exploration Interests

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 September 2016:

1. Listing of tenements held:

Project	Location	Right Number	Right Status	Holder	Percentage Interest
Moonlight	Limpopo Province, South Africa	30/5/1/2/2/201 MR	Mining Right Granted	Ferrum Iron Ore (Pty) Ltd	97%
Moonlight	Limpopo Province, South Africa	LP30/6/1/1/2/11868PR	Prospecting Right Application	Ferrum Iron Ore (Pty) Ltd	97%

2. Listing of tenements acquired (directly or beneficially) during the quarter:

Project	Location	Right Number	Right Status	Holder	Percentage Interest acquired during quarter
Toral	León Province, Spain	15.199	Investigation Permit	GoldQuest Iberica, S.L.	100%
Lago	Galicia Province, Spain	Lago II 6.056 Lago III 6.058	Lago II Exploration Permit Lago III Investigation Permit	GoldQuest Iberica, S.L.	100%

No tenements were disposed of during the quarter.

Justin Tooth, Executive Chairman of Ferrum Crescent, today commented:

"In the quarter under review we focused on dual elements; we continued to work towards progressing our Moonlight project whilst our exclusive option over promising brownfield lead-zinc assets in Spain required careful evaluation and negotiation. At Moonlight, we have been reviewing and discussing development pathways with potential engineering partners for a possible reduced cost production model.

"Regarding Spain, following two short nil-cost option extensions to ensure that the vendors had addressed the various conditions precedent to the Board's satisfaction, in late September the Company exercised its right to acquire 100% of Goldquest and its promising lead-zinc assets. We are now progressing exploration activities at the Toral project site and have simultaneously begun to reassess the considerable amounts of historical geological data on the asset and prepare it for suitable recodification and release. I look forward to updating the market further in due course."

For further information on the Company, please visit www.ferrumcrescent.com or contact:

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014.

Notes to Editors:

Further Information on the Spanish lead-zinc Exploration Projects

Toral Project

The Toral Project has been extensively explored historically by its previous owners Portex Minerals Inc. and Lundin Mining S.L. and the 2,024ha of mineral rights contains extensive high grade zinc mineralisation. Located in north-west Spain, approximately 400km north-west of Madrid, the project's licence area hosts excellent road, rail and power infrastructure and is situated in a known historic mining jurisdiction. The asset also has a pre-existing NI 43-101 resource estimate reported by Micon International Co. Limited on 30 April 2012.

Lago Project

The Lago Project is located approximately 54km to the north-east of the Toral Project. Historical investigations completed by or on behalf of the Spanish mining firm, Exploracion Minera Internacional Espana S.A. ("EXMINESA"), between 1985 and 1990, indicated that mineralisation at the Lago Project may be similar to that encountered at the Toral Project with vertical, lenticular bodies (probably more than one) approximately 800m long by 300m wide.

2016 Spanish work programme overview

- Analysis and re-interpretation of existing historic data on the Company's Spanish Exploration Projects commenced in September 2016.
- Planned work programme comprises:
 - re-mapping of the main Toral Project area applying re-interpreted historical geological understanding of the regional controls on mineralisation;
 - in-fill surveys over the main prospect area where detailed soil geochemistry has not previously been conducted;
 - structural mapping of the existing adits, outcrop and the nearby mineralisation occurrences in order to gauge the balance between local (not fully tested) and regional (well documented) controls on mineralisation;
 - re-logging of historical drill-core and re-assaying of areas where incomplete assays were taken previously in order to seek to identify potential new shallow high grade targets at the Toral Project;
 - creation of a revised geological model incorporating existing and new geological data (geochemistry, structural interpretation, assays, logs, maps); and
 - generation of a highly targeted drill plan, focused on high-grade near surface ore shoots linking known surface occurrences and known high-grade mineralisation at depth, for testing in 2017.

Further Information on the Moonlight Project, South Africa

Ferrum Crescent's principal project is the Moonlight Iron Project located in Limpopo Province in the north of South Africa. The Moonlight Deposit (upon which the Project is based) is a magnetite deposit located on the Moonlight, Gouda Fontein and Julietta farms and is the main operational focus for the Company. Iscor Limited ("**Iscor**"), which explored the Project in the 1980s and 1990s, reported mineralisation capable of producing a concentrate grading at 68.7% iron. At that time, Iscor concluded that the deposit, which was described as being comparable to the world's best, was easily mineable due to its low waste-to-ore ratio.

The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

Metallurgical tests on Moonlight material, undertaken since then by Ferrum Crescent, suggest that Iscor's historical results are conservative, that good metal recoveries can be achieved, and that the resulting concentrates have a high iron content and only negligible impurities, at grind sizes considered to be industry standard (P80 of 75 - 125 microns).

Key features of the project to date are:

- JORC (2012) compliant Mineral Resource;
- Historical drilling, drilling by the Group, geological modelling and a high density geophysical survey conducted by the Company in 2012 confirm tonnage upside potential;
- 30 year Mining Right granted;
- Environmental licence (EIA) in place for the Moonlight mining area (approved 4 April 2013);
- Metallurgical test work indicates the potential for high quality concentrate and/or pellets with in excess of 69% iron content and low deleterious elements (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- The quality of product that can potentially be produced at Moonlight is a clear differentiator against its industry peers, as is the access to infrastructure (port, power and rail);
- Duferco offtake partner (4.5 Mtpa plus first right on a further 1.5 Mtpa if not sold domestically). South Africa currently has a growing demand for high grade iron concentrate and/or pellets for its steel industry;
- BEE compliant South African investment company (BVI) to provide a completed BFS to the Group by 2018/19 at no expense to the Group in return for a 39-43% equity position in the Moonlight Project;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power plant (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for potential export of future iron ore products; and
- Local community, Ga-Seleka, has an effective 3% carried interest in the Moonlight Project.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Ferrum Crescent Limited

ABN

58 097 532 137

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(20)	(20)
(b) development		
(c) production		
(d) staff costs	(92)	(92)
(e) administration and corporate costs	(318)	(318)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(430)	(430)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	(891)	(891)
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(891)	(891)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,894	1,894
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(92)	(92)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	1,802	1,802

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	743	743
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(430)	(430)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(891)	(891)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,802	1,802
4.5 Effect of movement in exchange rates on cash held	(62)	(62)
4.6 Cash and cash equivalents at end of period	1,162	1,162

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,162	743
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,162	743

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	72
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

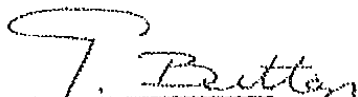
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	91
9.2 Development	
9.3 Production	
9.4 Staff costs	185
9.5 Administration and corporate costs	292
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	568

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Toral Investigation Permit 15.199 Province of Leon in Spain Lago II Exploration Permit 6.056 Province of Galacia in Spain Lago III Investigation Permit 6.058 Province of Galacia in Spain	Lead – Zinc mineralisation Lead – Zinc mineralisation Lead – Zinc mineralisation	Nil Nil Nil	100% 100% 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31st October 2016

Sign here:

Date:

Print name: Grant Button
Company Secretary

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.