



Ferrum Crescent Limited

15 June 2016

Ferrum Crescent Limited

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

Corporate and Operational Update

Ferrum Crescent, the ASX, AIM and JSE Limited quoted metals project developer, is pleased to announce a corporate and operational update.

Moonlight Iron Ore Project, South Africa

Since the beginning of 2016, parallel to the previously announced review and strategic refocusing of the group's assets and corporate structure, the Company has been progressing a number of new potential avenues, both independently and in conjunction with our existing partners and various third parties, to generate value for our flagship Moonlight project.

Moonlight, located in Limpopo Province in the north of South Africa, is a magnetite iron ore project with a development objective to ultimately produce a high-quality product for use in blending by steel producers. The project is situated near to the Thabazimbi rail hub, a loading yard that currently serves the third party Kumba mine.

Highlights:

- Board actively evaluating engineering pathways for alternate production routes, based on existing technologies and modelled on current equipment types which are in use at comparable mining operations. Examining lower cost capex development options with potential partners utilising alternative methods for the transportation of concentrate rather than a pipeline.
- Discussions with new potential off-take partners for the supply of concentrate.
- Recent re-engagement to seek to recover historic geological data and core samples on both the Julietta and Moonlight licence areas.
- Ongoing assessment of potential construction/production share partners on a Build-Operate-Transfer model with our farm-in partner, Business Venture Investments No. 1709 (Proprietary) limited ("BVI") and its sister company, Ovation Capital.
- Memorandum of Agreement and co-operation framework (the "MoA") signed with the Mayor of the Lephalale Municipality situated in the Waterberg District of the Limpopo Province.
- With a full mining permit in place, the MoA secures the necessary consents from local stakeholders for progression of the project into development.
- Items covered by the MoA include: employment, corporate social responsibility and skills training. The MoA will assist our discussions with both our existing partners and various third parties with respect to the Moonlight project's future development.

Following completion of our review process, the Board has sought to refocus the group's operations in South Africa and progress a number of key work streams. A new internal engineering study is underway to establish and assess revised capex estimates, routes to market and rate of return components. In addition, discussions with credible potential new development and offtake parties have commenced, with the recent completion of the MoA with the local municipality serving to establish a stronger pathway towards cooperative sustainable development. With the active support of the Lephalale municipality, the Board has also recently reinitiated a process to seek to recover historic exploration data and core samples in respect of the Julietta and Moonlight licence areas.

Whilst the iron ore price continues to fluctuate, the Board believes that the Moonlight deposit's location and high-grade make it a viable, near-term production source for iron ore that can then be blended with more prevalent, lower-grade material in order to produce a concentrate suitable for steel production in Africa, the Middle East or Asia.

Option over GoldQuest and its lead-zinc Exploration Projects, Spain

As announced previously, funds were received from the Company's successful £650,000 (gross) equity fundraising in early May 2016. Consequently, the requisite transaction documentation and legal process to enable exercise of the Company's option over GoldQuest Iberica, S.L. ("GoldQuest") (the "Option"), which owns interests in two promising lead-zinc exploration projects in Northern Spain, is now at an advanced stage. The Option is currently valid until 31 July 2016 and the Board is confident that the Company will be able to exercise the Option and complete the acquisition of GoldQuest ahead of this scheduled deadline.

Our planned work programme to determine the extent of the mineralisation on the two projects is expected to commence shortly following completion of the proposed acquisition. Our Iberian team's focus will be on implementing a low-cost, high-value, data analysis and metallurgical programme to test the historic findings and assumptions, in order to examine the thesis that the ore body at the Toral Project contains previously-unidentified near-surface zones of mineralisation and to move towards establishing a new JORC compliant resource estimate for both the Toral Project and the Lago Project.

Justin Tooth, Executive Chairman of Ferrum Crescent, commented:

"Our recent reprioritising of tasks and corporate restructuring is showing real benefits as we endeavour to derive value from our flagship project in South Africa and Option over GoldQuest in Spain.

"With a world-class team of geologists and mining engineers in place, with significant experience of working in our key geographic regions, we are well placed to obtain and re-process the additional historical exploration data on Moonlight and finalise key development agreements. This will strengthen our ability to negotiate with credible partners for the future development of mining operations. We have an exciting time ahead and I look forward to announcing a further update in due course."

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

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Notes to Editors:

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 '90s, 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 Moonlight 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;
- Independent valuation by The Mineral Corporation completed in June 2014 - this valuation served as the basis for the 2015 BVI (Ovation Capital) farm-in transaction;
- BEE compliant South African investment company (BVI) will 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.

Further Information on GoldQuest and the Iberian Exploration Projects

GoldQuest is a private company incorporated in Spain which owns 100 per cent. of both the Toral Project and the Lago Project in northern Spain, each having high prospectivity for lead and zinc.

Principal Terms of Ferrum Crescent's Option

- Option to potentially acquire 100 per cent. of GoldQuest. GoldQuest owns 100 per cent. of two lead-zinc exploration projects in the provinces of León and Galicia, in historic Spanish mining areas.
- Exclusive option is valid until 31 July 2016. If exercised, Ferrum Crescent, will be required to:
 - pay up to approximately £320,000 in cash consideration (calculated as a fixed amount of £250,000 plus a further cash payment comprising the lesser of 50 per cent. of GoldQuest's current liabilities and £92,500, minus the above mentioned option consideration); and
 - issue, credited as fully paid, 100 million new ordinary shares in the capital of Ferrum Crescent.

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.