



5 May 2015

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

**US\$12m BFS Financing Agreement with Principle Monarchy Investments,
South Africa**

Highlights

- MOU signed with Principle Monarchy Investments (Proprietary) Limited ("PMI"), whereby PMI will acquire 39% of the Moonlight Iron Project in Limpopo Province, South Africa, through subscription for Ferrum Iron Ore (Proprietary) Limited ("FIO") shares
- FIO is a 97% owned Group company that holds the Moonlight Iron Project
- The Moonlight Iron Project involves the mining and beneficiation of the Moonlight Deposit to produce a high grade concentrate to be transported to a pellet manufacturing facility at or near the town of Thabazimbi in Limpopo for the production there of direct reduction ("DR") and blast furnace grade iron pellets for export and domestic sale
- PMI is a BEE controlled South African company with extensive commercial interests in South Africa ("BEE" is the term used within South Africa to describe entities that meet relevant regulatory criteria as being controlled by historically disadvantaged South Africans)
- Total subscription proceeds of R142m (US\$12m) to be applied in carrying out the bankable feasibility study ("BFS") for the Moonlight Iron Project
- Payments to be made through 3 tranches with key milestone triggers for release of capital
- Interim BFS funding of R2m per month to be provided until payment of first R30m tranche – MOU binding upon receipt of the first of these R2m payments
- Ferrum Crescent team to continue BFS work, next key stages:
 - Domestic steel market supply survey
 - Large scale pit design and sampling work and assessment over need for bulk sampling
 - Definitive metallurgical testing for full process design.
- Development on schedule to benefit from new regional/national infrastructure developments
- Full assessment of domestic supply options will position Ferrum as an economic development partner to the Republic of South Africa ("RSA")

Ferrum Crescent, the direct reduction (DR) grade pellet project developer, today announces that it has signed a memorandum of understanding (“MOU”) with Principle Monarchy Investments (Proprietary) Limited (“PMI”), whereby PMI will pay R142m (US\$12m) to acquire 39% of Ferrum Iron Ore (Proprietary) Limited (“FIO”). The incoming funds will be used by FIO towards the bankable feasibility study (“BFS”) costs for the Moonlight Iron Project, located in Limpopo Province, South Africa. In return for the US\$12m consideration, to be paid across three tranches, PMI will receive a total of 39% of FIO equity.

Under the MOU, payment of the first tranche must be made within 6 months. In the meantime, PMI will pay FIO a total of R2m per month, with the first of these payments to be made by 1 June 2015, so that the FIO operational team will be able to continue work on the BFS in close consultation with PMI. PMI will then continue to pay R2m per month until payment of the first tranche of R30m, which must be paid by 1 December 2015, with the monthly payments to be credited towards this first tranche.

The MOU will become legally binding upon payment of the first R2m. In the event that this MOU is terminated by FIO because of PMI’s failure to make payments when they are due after the first payment of R2m, PMI will be obliged to pay liquidated damages to FIO of R6m.

Ferrum Crescent has been negotiating with PMI and other BEE controlled parties for some time to achieve a significant BEE investment in the Moonlight Iron Project. To this end, the Company has entered into the MOU with PMI in addition to putting additional contractual, but non-binding, arrangements in place with two separate BEE groups that wish to invest in the Moonlight Iron Project. Though both of these arrangements allow the Group to terminate or walk away from the proposed transactions, they remain in place should the unlikely event occur that PMI either fails to make the first R2m by 1 June 2015 or thereafter breaches the terms of the MOU and it is terminated. These separate contractual arrangements involve subscription in FIO shares for the Rand equivalent of US\$8m and the completion of the Moonlight Iron Project BFS, respectively.

Commenting today Tom Revy, Managing Director, said: “We have now secured a highly credible BEE partner within South Africa to fund the key elements of the BFS for the Moonlight Iron Project. Moonlight is being progressed as a new source of high grade DR grade pellet and is located in the well-developed infrastructure region of northern South Africa. I cannot stress enough the importance of Moonlight as a high-grade product source with easy routes to both domestic and international steel markets. Our focus on providing the RSA steel industry with a new source of high grade iron pellet has been an important focus for the company in 2015 and I look forwarding to announcing further news shortly. This is a huge achievement by the team and I would like to thank everyone for their help in delivering this goal.”

For more information on the Company, please visit that website or contact:

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Notes to Editors

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 Moonlight Iron Project or "Moonlight" or the "Project" is based) is a magnetite deposit located on the farms Moonlight, Gouda Fontein and Julietta and is the main operational focus for the Company. Iscor, which explored the Project in the 1980s and '90s, reported mineralisation, capable of producing a concentrate grading 68.7% iron. At the time, Iscor concluded that the deposit, which was described as 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 of Moonlight material, undertaken since by Ferrum, suggest that Iscor's 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 the industry standard (P80 of 75 – 125 microns).

Key features of the Project are:

- JORC (2012) compliant Mineral Resource;
- Historical drilling, drilling by the Group, geological modelling and 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 pellets in excess of 69% iron and low deleterious elements possible (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- Low stripping ratio; slurry pipeline>pellet plant at rail head (Thabazimbi); export through Richards Bay;
- Duferco offtake partner (4.5 Mtpa plus first right on 1.5 Mtpa if not sold domestically);
- Independent valuation 2014 – The Mineral Corporation's independent valuation of the Project released to the market on 11 June 2014;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for iron ore products.