

31 January 2010

**Media ASX Announcement**

**To:** Company Announcements Office  
Australian Securities Exchange  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000



**ASX/AIM: FCR**

**Ferrum Crescent Limited**  
**(“Ferrum” or the “Company”)**  
**Quarterly Activities and Cashflow Report**  
**For the period ended 31 December 2010**

Ferrum Crescent Limited, the AIM and ASX quoted iron ore developer in northern South Africa, today announces Quarterly results for the three month period ending 31 December 2010.

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**HIGHLIGHTS:**

- **Successful Admission to AIM market in London, and completion of a GBP10 million capital raising (approximately AUD16 million)**
  - **Completion of BEE acquisition**
  - **New development option decided for Moonlight Project**
  - **AUD600,000 sale of Australian exploration assets**
  - **Changes to the Board including the appointment of Ed Nealon as Executive Chairman, Fanie Botha as Operations Director; Kofi Morna, Ted Droste and Grant Button as Non-executive Directors, and the resignation of Matodzi Nesongozwi from the Board.**
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**Capital raising and Admission to AIM**

During the quarter ending 31 December 2010, Ferrum Crescent Limited was admitted to trading on the AIM market of the London Stock Exchange and completed a capital raising of 10 million pounds Sterling (“GBP”) (equal to approximately AUD16 million) before expenses, via a placement of shares (the “Placing”).

Pursuant to the Placing, by Ocean Equities Limited, the Company issued 100 million new shares at 10 pence per share (“Placing Price”) to a broad base of institutional and other investors. Ambrian Partners Limited is acting for the Company as Nominated Adviser and Ocean Equities Limited as broker.

**Use of Proceeds**

As announced on 15 December 2010, the Company intends to use the net Placing proceeds, of approximately GBP8.8 million, to:

- Bring the 470Mt of magnetite mineralisation expected at the Moonlight Deposit (“Moonlight”) to full JORC compliant status;
- Acquire an additional indirect interest in Moonlight;
- Conduct further metallurgical testwork;
- Complete environmental, social and labour studies;
- Carry out a Definitive Feasibility Study on the development of a pellet plant at the Moonlight project to determine whether this is the most appropriate value adding process.

### **Turquoise Moon Iron Project**

#### **Development**

During the course of 2010, the Company developed and defined the resource potential of the Turquoise Moon Iron Project (“the Project”) (Ferrum interest approximately 81.5%) comprising the Moonlight Deposit (“Moonlight”) and the De Loskop prospect. Moonlight 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. The De Loskop prospect has potential as a target\* for magnetite mineralisation of 200Mt to 1,000Mt which is non-JORC compliant at a grade of 30-40 per cent Fe. Beneficiation testwork of Moonlight mineralisation indicates that a simple process of low intensity magnetic separation is suitable for optimum concentration. Separation at a grind size of 80% passing 150 µm achieved a mass recovery of 50% with final product grades of 69.7% Fe, 2.05% SiO<sub>2</sub>, and 0.40% Al<sub>2</sub>O<sub>3</sub>.

The Company believes that there are a number of possible routes for the commercialisation and development of the Moonlight magnetite deposit, which include the:

- Manufacturing of iron ore pellets for supply via existing rail networks to domestic customers;
- Supply of magnetite concentrate by rail for shipment to the international market;
- Supply of merchant pig iron or granulated iron to domestic and international markets;
- Export of directly reduced iron; and
- Supply of semi-finished steel products to the domestic and regional market.

The Directors have considered these commercialisation options and the Company has retained AMEC Minproc SA (“AMEC”) to undertake a definitive feasibility study on the development of a pellet plant at Thabazimbi for the production of iron ore pellets for the South African market, with magnetite concentrate delivered to the plant via a slurry pipe from Moonlight.

*\* The term “target” should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve*

#### **Strategy**

As announced on 16 December 2010, the Company intends to develop its evaluation of the Project, in order to advance towards commercial production. This will involve completion of the first phase of the definitive feasibility study advised by AMEC. The planned programme is to be financed and implemented in discrete stages extending into 2012. It is intended that the deposit will be mined by

conventional open pit methods followed by crushing, grinding and magnetic separation to produce a suitable concentrate. The mine pit optimisation work indicates an average strip ratio of 1:1 for the first 24 years of mine production. For transport requirements, the Project is serviced by South Africa's mature road and rail transport network. There is access to a sealed national highway within 10 km and rail within 170 km of the Project. The local rail authority, Transnet, has committed substantial investment over the near term to upgrade and maintain the rail network and rolling stock. In addition, the governments of Botswana and Mozambique signed a Memorandum of Understanding to develop a deep water port at Techobanine Point, south of Maputo, and connect it to Botswana Railway's network. This means that there could be an alternative rail access approximately 128 km to the east that would overcome any possible congestion problems of railways and ports in South Africa.

### **BEE Acquisition**

On 23 December 2010, the Company announced that the sale agreement relating to the acquisition by the Company's new strategic BEE partner of the 26% of the Turquoise Moon Iron Project from the Company's former BEE partner had completed.

As described in the Company's AIM admission document dated 10 December 2010, 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). The South African Department of Mineral Resources expressed its support of the transaction.

Completion of the sale agreement occurred on 21 December 2010. The Company's wholly owned subsidiary, Nelesco 684 (Pty) Ltd, holds a 32.17% shareholding in Mkhombi Investments and advanced loan funds of ZAR22.5 million (approximately AUD3.3 million) to that company for the completion of the purchase of the TMT shares. The Company's effective interest in the Turquoise Moon Iron Project was thereby increased from 74% to approximately 81.5%.

### **Australian Exploration**

On 29 October 2010, the Company announced it had agreed with Northern Uranium Limited ("Northern") (ASX:NTU) to dispose all of its Australian minerals exploration interests for a cash sum of AUD600,000. The offer from Northern was subject to both due diligence on the Company's tenement interests and the consent where relevant of joint venturers. This has now been concluded.

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

### **Board Changes**

During the quarter, there were several changes to the composition of the Board of the Company. Messrs Kofi Morna, Ted Droste and Grant Button joined the Board as Non-executive Directors. Mr Ed

Nealon assumed the role of Executive Chairman and Dr Fanie Botha was appointed as Operations Director.

Mr Morna and Mr Droste have extensive experience in the mining industry in South Africa and specifically in iron ore projects. Mr Button was previously an alternate director to Mr Scott Huntly, the Managing Director, but joined the Board as a Non-executive Director and has vast experience in the mining industry internationally, including in South Africa. In addition, Mr Nesongozwi stepped down as a Non-executive Director of the Company to pursue other interests.

<b>Australia and Company enquiries</b>	<b>UK and press enquiries</b>
<b>Ferrum Crescent Limited</b> Ed Nealon T: +61 419 905 546 Executive Chairman Robert Hair –T: + 61 414 926 302 Company Secretary	<b>Ocean Equities Limited (Broker)</b> Guy Wilkes T: +44 (0)20 7786 4370 <b>Ambrian Partners Limited (Nominated Adviser)</b> Richard Swindells T: +44 (0) 20 7634 4856 Jen Boorer T: +44 (0) 20 7634 4859
For more information on the Company visit <a href="http://www.ferrumcrescent.com">www.ferrumcrescent.com</a>	<b>Threadneedle Communications Limited</b> Laurence Read/Beth Harris T: +44(0)20 7653 9855

**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 20 years’ experience relevant to the style of mineralization 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 the Company 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.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Ferrum Crescent Limited

ABN

58 097 532 137

Quarter ended ("current quarter")

31 December 2010

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(792)	(1,580)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	10	16
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>(1,450)</b>	<b>(2,673)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(4)
1.9	Proceeds from sale of: (a) prospects  (b) equity investments (c) other fixed assets	600	600
1.10	Loans to other entities	(1,079)	(1,079)
1.11	Loans repaid by other entities		
1.12	Other (Investment in Subsidiary)	(2,381)	(2,381)
	<b>Net investing cash flows</b>	<b>(2,860)</b>	<b>(1,289)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(4,310)</b>	<b>(3,962)</b>

1.13	Total operating and investing cash flows (brought forward)	(4,310)	(3,962)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	15,225	16,425
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Equity Raising Costs)	(1,610)	(1,740)
	<b>Net financing cash flows</b>	<b>13,615</b>	<b>14,685</b>
	<b>Net increase (decrease) in cash held</b>	<b>9,305</b>	<b>10,723</b>
1.20	Cash at beginning of quarter/year to date	1,947	491
1.21	Exchange rate adjustments to item 1.20		38
1.22	<b>Cash at end of quarter</b>	<b>11,252</b>	<b>11,252</b>

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter
		\$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	195
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	

Item 1.23 relates to Directors Remuneration, Directors Fees and Superannuation Contributions.

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	
4.3 Production	
4.4 Administration	700
<b>Total</b>	<b>2,700</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11,252	1,909
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		38
<b>Total: cash at end of quarter</b> (item 1.22)	<b>11,252</b>	<b>1,947</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E70/2719	Granted	100%	0%
	E70/2720	Granted	100%	0%
	E70/2914	Granted	100%	0%
	E70/2923	Granted	100%	0%
	E70/2924	Granted	100%	0%
	E70/2925	Granted	100%	0%
	E70/3080	Granted	100%	0%
	E58/361	Granted	100%	0%
	E23932	Application	100%	0%
	E23933	Application	100%	0%
	E23934	Granted	100%	0%
	E23935	Application	100%	0%
	E23937	Granted	100%	0%
	E24166	Granted	100%	0%
	E24174	Application	100%	0%
	E24177	Application	100%	0%
	E24178	Granted	100%	0%
	E24179	Application	100%	0%
	E24193	Application	100%	0%
	E24995	Granted	100%	0%
	E25157	Application	100%	0%
	E25158	Application	100%	0%
	E25159	Application	100%	0%
	E25160	Application	100%	0%
	E25434	Application	100%	0%
	6.2 Interests in mining tenements acquired or increased			



## Issued and quoted securities at end of current quarter

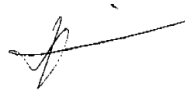
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference</b>			
	<b>*securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	298,691,704	291,896,704	
7.4	Changes during quarter			
	(a) Increases through issues	112,925,000	112,925,000	
	(b) Decreases through returns of capital, buy-backs			
7.5	<b>*Convertible debt securities</b>			
	<i>(description)</i>			
7.6	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through securities matured, converted			
7.7	<b>Options</b>	2,950,000	2,925,000	<i>Exercise price</i> \$0.198
	<i>(description and conversion factor)</i>			<i>Expiry date</i> 07 December 2013
		18,571,727	18,571,727	\$0.40
				31 December 2013
7.8	Issued during quarter	2,925,000	2,925,000	\$0.198
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b>			
	<i>(totals only)</i>			

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 31 January 2011

Print name: Robert Hair

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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