



**EUROPEAN LEAD ZINC
EXPLORATION**

FERRUM CRESCENT LTD

28 July 2017

Ferrum Crescent Limited

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

Update re Lead-Zinc Exploration Drill Programme, Toral Project, Spain

Highlights

- Drilling of 6 holes completed which have all returned visually-identified lead-zinc intersections from which samples are now being prepared and sent for assay in Spain.
- All drilling conducted was within 200 metres from surface and, due to the drilling occurring across various elevation levels on a hill, it has been possible to recover core at various levels within the structure.
- A revised structural thrust model whereby mineralisation is constrained within a series of thrusts and driven to surface from depth has been established with confirmation from the intersections encountered at each and every hole drilled.
- With the geological aims of the exploration drill programme having substantially been met, the programme has been deemed completed by the Board after hole 6 and has now been halted.
- The results from the ongoing assays will be analysed once received and entered into the revised structural model for Toral.
- Significant data set and analytics relating to the historic NI43-101 resources report now recovered from Micon International Ltd.

Planned next exploration phase

- Principal objective is now to relate the latest understanding of the thrust model to the significant amounts of new core and the assay results obtained from the drill programme.
- The analysis of the new core will facilitate a review of the core from the historic third party drill campaign with a view to assaying specific previously-untested sections of the historic core for shallow mineralisation.
- All the assays plus the historic data set will enable the swift development of the next phase of exploration in order to pursue specific project economic targets, to include the expansion of the resource.

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- The drilling of 'long-holes' which is a previously untested approach designed to move through multiple shale/slate layers will also be assessed. The objective is to encapsulate the entire mineralised section in each hole by traversing the complete series of parallel, mineralised planes.
- Internal scoping and comparative studies commenced in July 2017 in order to support economic development planning towards a Pre-Feasibility Study.

FCR, the European lead-zinc explorer, announces an update in respect of its lead-zinc exploration drill programme at its 100%-owned Toral project, located in Leon Province, Spain. The near surface drilling campaign at the project, designed to determine the presence of near surface mineralisation, has, as of this week, returned core containing visible lead-zinc from every one of the 6 drill holes completed. Assays from these holes are now being prepared and sent to laboratories in Seville, Spain, with results currently anticipated within the next 6 weeks.

Consequently, the basic case for the new structural model recently developed by FCR, relating to faulting concentrating a thrust of mineralisation to surface, has now been sufficiently verified. Accordingly, the drill programme has been halted and the Company will await the assay results and input its findings into a new Toral model in order to plan the next stage of exploration.

The new drilling data combined with information recently transferred to FCR from Micon International Ltd., which was generated from historic work conducted by third parties on the asset, will be utilised together with the significant amounts of historic drilling data to develop the Company's understanding of the sub-surface structures.

In particular, FCR is seeking to determine the presence of overlapping planes of lead-zinc mineralisation caused by the combination of thrust/fault conditions. Multiple exploration options remain open including the drilling of 'long-holes' to attempt to pass through multiple shale layers all the way to the base wall in order to establish the series of mineralised planes.

Figure 1 shows the 2017 Toral drill campaign area relative to historic intersections and Figure 2 shows selected photos from site taken during the campaign.

Cost and comparatives analysis

Further to the FCR geological team's oversight of the May-July 2017 drill programme, the Company has decided to commence a series of work streams as follows:

- Internal scoping study using recent comparative costs within Spain
- Formal lead-zinc comparators study with explorers and producers
- Chemical metallurgical review of the Toral ore separation characteristics
- Initial full analysis of the project's historic shallow core-sections held near Ponferrada, Leon, Spain

Commenting today, Justin Tooth, Executive Chairman of FCR, said:

“Our team has now visually identified from every hole of the drill campaign the existence of lead-zinc within 200 metres of surface and accordingly we have obtained sufficient data from the core to support the main tenets of the Company’s new geological model for Toral. We shall now apply this new drilling data to the significant amount of historic information available on Toral, including the data recently obtained from Micon International as well as the core stored locally from the historic Lundin drill programme.

“There has been a large amount of historical drilling conducted at Toral which returned significant lead-zinc intersections, and we are now enhancing our understanding of the structure and definition of the deposit in a cost-effective manner. While the assays from the latest drill campaign are submitted and returned over the next six weeks, the Company has sufficient information in the meantime to progress with designing the next stages of further exploration at Toral and to examine economic comparators for a potential future lead-zinc mining operation. A key focus for our geological team is to assess the possibility of defining overlapping planes of lead-zinc mineralisation concentrated within the project area. I look forward to providing further updates on our progress in due course.”

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