



Ferrum Crescent Limited

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Ferrum Crescent Limited

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

Completion of Due Diligence Exercise on GoldQuest and its Lead-Zinc Exploration Projects in Spain

Highlights:

- Due diligence field trips and desktop study completed in respect of the Toral and Lago lead-zinc exploration projects in the provinces of León and Galicia, Spain (the "Iberian Projects"), wholly owned by GoldQuest Iberica, S.L. ("GoldQuest")
- Geological assessment by the Company indicates major potential for re-interpretation of historical data and delivery of a new geological model identifying significant continuous zones of mineralisation
- Mineralogical data supports initial assessment of the mineralisation as being metallurgically straight-forward
- Objective now to secure the requisite funding to enable exercise of the Company's exclusive option over GoldQuest and the pursuit of a low cost, highly focused work programme to define the economic and geological characteristics of the projects including the definition of JORC compliant resource estimates

Ferrum Crescent, the ASX, AIM and JSE quoted metals project developer, announces that, further to the Company's announcement of 16 February 2016, its newly re-structured project team has now completed the Company's comprehensive due diligence investigations on GoldQuest and the Iberian Projects.

GoldQuest owns 100 per cent. of licences covering 2,024ha in the Province of León (the "**Toral Project**") and 100 per cent. of licences in the Province of Galicia (the "**Lago Project**"), all such licence areas being located in northern Spain and having high prospectivity for both lead and zinc. The Company holds an exclusive option, valid until 31 July 2016, to acquire 100 per cent of GoldQuest's issued share capital (the "Option"), for an aggregate consideration of approximately £460,000, comprising up to £320,000 in cash and the issue, credited as fully paid, of 100 million new ordinary shares in the capital of the Company, having an aggregate value of £140,000, based on the Company's closing mid-market share price on 11 April 2016 of 0.14 pence per share.

Geological interpretation and review

The Toral Project area has historically been assessed as containing a single, tabular zone of mineralisation at depths of 300-500m below surface. Such simplistic historical modelling, however, excludes a large amount of normally critical data and, following its due diligence enquiries, the Company believes that the historic NI 43-101 resource estimate significantly under-estimates the mineral potential of the Toral Project. The Company further believes that an initial low cost exploration programme should be able to test the mineralisation in a series of parallel, sub-vertical structures running from depth up to surface.

Utilising the existing data and applying an exploration process that takes into account key structural controls and the characteristics of existing nearby mines will be a key initial work programme priority. Ferrum Crescent's objective, following the anticipated exercise of its Option in due course, will be to establish a JORC compliant resource estimate at both the Toral Project and the Lago Project as well as re-examining the scale and continuity of mineralisation at the Toral Project.

Mineralogical assessment and future process design

Ferrum Crescent's ultimate objective would be to establish a credible mineral reserve in a cost effective manner for consideration by potential future acquirers or development finance groups.

Following assessment of the geology, together with a desktop study of nearby mining operations, the Company believes that the metallurgy at the Toral Project is straightforward and uncomplicated. Furthermore, it is anticipated that any economic ores defined at Toral will be capable of being processed using simple industry standard techniques. Preliminary assessment also indicates that the environmental aspects of the project pose no unusual challenges, whilst the main social impact will be a desirable increase in employment opportunities for the region.

Future activities will be focused on challenging all assumptions and conducting appropriate project development studies.

Licensing and political risks and routes to key markets

During March 2016, the licences in respect of the Toral Project and the Lago Project were renewed by the Government of León for a period of twelve months further to the fulfilment of a basic work programme at the two sites. The assets are located in a region containing existing mines and are situated away from any significant conurbations or sites of interest. Spain is increasingly supportive towards its mining sector and host to a number of recent, new, mining developments. It has a first tier infrastructure system for the transportation of potential future product to a major international port in order to supply concentrate to export markets.

Following completion of its due diligence exercise, the Board believes that, subject to raising the requisite funding to, inter alia, enable exercise of the Option, the Company can thereafter implement a cost effective work programme to derive a new interpretation of the Toral and Lago Projects. Both assets have extensive pre-existing data which can be used to underpin meaningful additional exploration and metallurgical campaigns to deliver JORC compliant resource estimates and an updated accurate assessment of the mineralisation characteristics and their scale.

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

“Following my recent due diligence field trip and coordination with our newly restructured team in Spain focussed on the re-interpretation of the geology and metallurgy aspects of the Iberian Projects, I believe that the Toral and Lago assets both hold significant potential for the generation of shareholder value. Toral, in particular, is interesting in terms of its scale and potential economics if we can demonstrate that multiple sub-parallel zones and an entire higher level area of mineralisation have been missed historically.

“Subject to the requisite funding being secured and the Option being exercised in due course in accordance with the conditions, we will be seeking to implement a rapid work programme on the Iberian Projects to generate meaningful additional data for potential lead-zinc asset acquirers or development financiers. Toral and Lago represent an opportunity to prove up significant projects with strong economics in a politically stable environment with existing world-class infrastructure. Our focus is set on driving value for our shareholders from well thought-out asset development strategies.”

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Notes to Editors:

Further Information on GoldQuest and the Iberian 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.
- Up to £22,500 staged option fee, in part shares and part cash, being paid by Ferrum Crescent in return for an exclusive option, 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.