

29 October 2010

**Media ASX Announcement**

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



**ASX: FCR**

**Ferrum Crescent Limited**  
**Notice of Annual General Meeting and Explanatory Memorandum**

Please find attached a copy of the Company's Notice of Annual General Meeting and Explanatory Memorandum and 2010 Annual Report dispatched to shareholders today.

For further information contact:

**Ferrum Crescent Limited**  
Scott Huntly - Managing Director  
T: + 27 82 321 2050  
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For more information on the Company visit [www.ferrumcrescent.com](http://www.ferrumcrescent.com)

# Ferrum Crescent Limited

ACN 097 532 137

## **NOTICE OF ANNUAL GENERAL MEETING**

**AND**

### **EXPLANATORY STATEMENT TO SHAREHOLDERS**

FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD  
ON 30 November 2010 at the Upstairs Function Room, Subiaco Hotel,  
465 Hay Street (Cnr Rokeby Road), Subiaco WA 6008 at 10:00 am (Perth time)

*You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay (and no later than 48 hours before the meeting) to Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne Victoria 3001, Australia, or by facsimile on facsimile number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the members of FERRUM CRESCENT LIMITED (“**Ferrum**” or “**the Company**”) will be held on the date and at the location and time specified below:

**DATE:** 30 November 2010

**LOCATION:** Upstairs Function Room, Subiaco Hotel, 465 Hay Street (Cnr Rokeby Road), Subiaco WA 6008

**TIME:** 10:00 am (Perth time)

**BUSINESS:** The business to be transacted at the Annual General Meeting is the proposal of the Resolutions set out below:

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

**VENUE**

The Annual General Meeting of Shareholders of Ferrum Crescent Limited will be held at the Upstairs Function Room, Subiaco Hotel, 465 Hay Street (Cnr Rokeby Road), Subiaco WA 6008 (Perth time) on 30 November 2010 at 10:00 am (Perth time).

**YOUR VOTE IS IMPORTANT**

The business of the Annual General Meeting affects your shareholding and your vote is important.

**VOTING IN PERSON**

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

**Proxies:**

Please note that:

- a. a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- b. a proxy need not be a member of the Company;
- c. a Shareholder may appoint a body corporate or an individual as its proxy;
- d. a body corporate appointed as a Shareholders proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- e. Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the total votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the proxy form enclosed and either:

- a. deliver the proxy form by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia;
- b. fax the form to Computershare Investor Services Pty Limited on facsimile number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

so that it is received not later than 10:00 am (Perth time) on 28 November 2010. Proxy forms received later than this time will be invalid.

**Your proxy form is enclosed as a separate document.**

**CUSTODIAN VOTING**

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

# FERRUM CRESCENT LIMITED

ACN 097 532 137

## NOTICE OF MEETING

### NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Ferrum Crescent Limited will be held at 10:00 am (Perth time) on 30 November 2010 at the Upstairs Function Room, Subiaco Hotel, 465 Hay Street (Cnr Rokeby Road), Subiaco WA 6008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 7.00 pm (Sydney time) on the day which is 2 days before the date of the Annual General Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### Financial Statements and Directors' Report

The financial statements and Directors' Report for the year ended 30 June 2010 are to be tabled.

#### RESOLUTIONS

**1. Adoption of Remuneration Report (Non-binding)**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes the remuneration report for the Company for the year ended 30 June 2010 be adopted."*

The vote on this resolution is advisory only and does not bind the directors or the Company.

**2. Election of Ed Nealon as a director**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That Mr Ed Nealon, having been appointed as a director under the Company's Constitution by resolution of the board of directors, and being eligible, offers himself for election, be re-elected as a director of the Company."*

**3. Election of Frederik Botha as a director**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That Dr Frederik Botha, having been appointed as a director under the Company's Constitution by resolution of the board of directors, and being eligible, offers himself for election, be re-elected as a director of the Company."*

**4. Election of Klaus Borowski as a director**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That Mr Klaus Borowski, having been appointed as a director under the Company's Constitution by resolution of the board of directors, and being eligible, offers himself for election, be re-elected as a director of the Company."*

**5. Election of Kofi Morna as a director**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That Mr Kofi Morna, having been appointed as a director under the Company's Constitution by resolution of the board of directors, and being eligible, offers himself for election, be re-elected as a director of the Company."*

**6. Election of Grant Button as a director**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

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*"That Mr Grant Button, having been appointed a director under the Company's Constitution by resolution of the board of directors, and being eligible, offers himself for election, be re-elected as a director of the Company."*

**7. Election of Ted Droste as a director**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That Mr Ted Droste, having been appointed a director under the Company's Constitution by resolution of the board of directors, and being eligible, offers himself for election, be re-elected as a director of the Company."*

**8. Re-Election of Matodzi Nesongozwi as a director**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That Mr Matodzi Nesongozwi, having been appointed a director on 30 November 2009, and who retires in accordance with clause 11.2 of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a director of the Company."*

**9. Approval of Employee Option Plan**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That, for the purposes of Exception 9 of Listing Rule 7.2 of the ASX Listing Rules and for all other purposes, approval is given for the Company to administer and issue securities under its employee option plan on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:**

Listing Rule 7.1 provides that shareholder approval is required before the company may issue certain securities representing more than 15% of the capital of the company within a 12 month period. Securities issued to persons participating in an employee share option plan are exempt from Listing Rule 7.1 where the issue of securities under the plan has been approved by shareholders at a general meeting held not more than 3 years before the date of issue.

Prior to making a decision with respect to Resolution 9, members should refer to the relevant section of the Explanatory Statement which accompanies this Notice of Meeting.

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 9 by any Director of the Company and any associate of the Director (except any Director who is ineligible to participate in any employee incentive scheme in relation to the Company). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**10. Approval of Employee Share Plan**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That, for the purposes of Exception 9 of Listing Rule 7.2 of the ASX Listing Rules, section 260C(4) of the Corporations Act and for all other purposes, approval is given for the Company to administer and issue securities under its employee share plan on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:**

Listing Rule 7.1 provides that shareholder approval is required before the company may issue certain securities representing more than 15% of the capital of the company within a 12 month period. Securities issued to persons participating in an employee option plan are exempt from Listing Rule 7.1 where the issue of securities under the plan has been approved by shareholders at a general meeting held not more than 3 years before the date of issue.

Prior to making a decision with respect to Resolution 10, members should refer to the relevant section of the Explanatory Statement which accompanies this Notice of Meeting.

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 10 by any Director of the Company and any associate of the Director (except any Director who is ineligible to participate in any employee incentive scheme in relation to the Company). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in

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accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**11. Increasing the total remuneration payable to non-executive directors**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That, for the purposes of rule 11.15 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, the Company approves and authorizes the Board to increase the remuneration payable to directors of the Company as a whole (not taking into account the salaries of executive directors) to up to \$250,000."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**12. Issue of Shares to a related party, Mr Ed Nealon**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the issue to Mr Ed Nealon (or his nominee or nominees) a total of 600,000 Shares on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**13. Grant of Options to a related party, Mr Scott Huntly**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the grant to Mr Scott Huntly (or his nominee or nominees) a total of 600,000 Options on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**14. Grant of Options to a related party, Dr Frederik Botha**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the grant to Dr Frederik Botha (or his nominee or nominees) a total of 500,000 Options on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**15. Grant of Options to a related party, Mr Klaus Borowski**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the grant to Mr Klaus Borowski (or his nominee or nominees) a total of 500,000 Options on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

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**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**16. Grant of Options to a related party, Mr Kofi Morna**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the grant to Mr Kofi Morna (or his nominee or nominees) a total of 500,000 Options on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**17. Issue of Shares to a related party, Mr Grant Button**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the issue to Mr Grant Button (or his nominee or nominees) a total of 500,000 Shares on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**18. Grant of Options to a related party, Mr Ted Droste**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the grant to Mr Ted Droste (or his nominee or nominees) a total of 500,000 Options on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a director of the Company and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**19. Issue of Shares to a related party, Mr Andrew Nealon**

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

*"That for the purposes of section 195 and Chapter 2E of the Corporations Act and ASX Listing Rule 7.1 and 10.14 and for all other purposes, the Company approves and authorizes the issue to Mr Andrew Nealon (or his nominee or nominees) a total of 200,000 Shares on the terms and conditions set out the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Andrew Nealon, a director of the Company and any associates of such persons. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**20. Future Issue of Securities**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the Company to allot and issue up to 60,000,000 Shares at an issue price which is at least 80% of the average market price for the Company's Shares on the ASX over the 5 trading days preceding the date on which the issue*

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*is made (or if issued pursuant to a disclosure document, over the last 5 trading days on which sales were recorded before the date of the disclosure document) and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**BY ORDER OF THE BOARD**



**Robert Hair**  
Company Secretary

**DATED** 15 October 2010

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**NOTES**

A member entitled to vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote for the member at the Annual General Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the Annual General Meeting the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the members votes each proxy may exercise, each proxy may exercise half of the votes. A proxy form is attached to the back of this booklet.

For the purposes of determining voting entitlements at this Annual General Meeting, Shares will be taken to be held by persons who are registered as holding Shares at 7.00pm (Sydney time) on the day which is 2 days before the date of the Annual General Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of Annual General Meeting.

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**EXPLANATORY STATEMENT TO  
SHAREHOLDERS**

**INTRODUCTION**

This Explanatory Statement has been prepared for the information of Shareholders of Ferrum Crescent Limited in connection with Resolutions to be considered at the Annual General Meeting of members to be held at the Upstairs Function Room, Subiaco Hotel, 465 Hay Street (Cnr Rokeby Road), Subiaco WA 6008 at 10:00 am (Perth time) on 30 November 2010.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Annual General Meeting. Please refer to this Explanatory Statement for the glossary of terms.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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**FINANCIAL STATEMENTS AND DIRECTORS' REPORT**

The Corporations Act requires the reports of the Directors and of the auditor and the annual financial report, including the financial statements, to be put before the Meeting. The Corporations Act does not require a vote of Shareholders at the Meeting on the reports or statements. However, Shareholders will be given an opportunity to raise questions on the reports and statements for the year ended 30 June 2010 at the Meeting.

**RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is set out in the Directors' Report in the Company's 2010 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the Remuneration Report will be put at the Meeting. Section 250R(2) of the Corporations Act requires that a resolution that the Remuneration Report be adopted must be put to the vote. Resolution 1 seeks this approval.

However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is an "advisory only" resolution which does not bind the Directors of the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

**RESOLUTIONS 2 TO 8 (INCLUSIVE) – ELECTION AND RE-ELECTION OF DIRECTORS**

Clause 11.12 of the Company's Constitution provides that any director appointed under clause 11.11 of the Company's Constitution (to fill a casual vacancy or as an addition the existing directors) holds office until

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the next annual general meeting of the Company and is then eligible for re-election. Accordingly, pursuant to clause 11.12 of the Company's Constitution, Resolutions 2 to 7 (inclusive) seek the election of Mr Ed Nealon, Dr Frederik Botha, Mr Klaus Borowski, Mr Kofi Morna, Mr Grant Button and Mr Ted Droste as directors of the Company.

Clause 11.3 provides that (subject to clause 13.39 which provides that a Managing Director shall not retire by rotation in accordance with clause 11.3) at the Annual General Meeting in every year one-third of the directors for the time being, or, if their number is not 3 nor a multiple of 3, then the number nearest one-third, must retire from office. Under clause 11.12 directors appointed under clause 11.11 are not to be taken into account in determining the directors who are to retire by rotation at the meeting. Accordingly, Resolution 8 seeks the re-election of the only other director who is eligible to retire by rotation, Mr Matodzi Nesongozwi, as Director of the Company.

In the event that Resolutions 2 to 8 (inclusive) are passed, the Board will consist of Ed Nealon (Chairman and executive director), Scott Huntly (Managing Director), Frederik Botha (executive director), Klaus Borowski (non-executive director), Kofi Morna (non-executive director), Matodzi Nesongozwi (non-executive director), Grant Button (non-executive director) and Ted Droste (non-executive director).

A profile of each of Ed Nealon, Frederik Botha, Klaus Borowski, Kofi Morna, Grant Button, Ted Droste and Matodzi Nesongozwi is provided below.

#### **Mr Ed Nealon**

Executive Chairman

Mr Nealon, who is a geologist by background, is the Executive Chairman of the Board. He has vast experience in the financing and development of mining projects in many parts of the world, including especially within Africa and Asia. He was involved in the establishment and growth of Aquarius Platinum Limited and Sylvania Resources Limited and has been a director of many publicly listed companies.

#### **Dr Frederik (Fanie) Botha**

Executive director

Dr Fanie Botha is a water resource specialist, with more than 10 years experience in the Government and Private sectors. He has been involved in a number of bankable feasibility studies in the past few years and is also involved in implementation of various mining projects, mostly in South Africa. Dr Botha is the Company's Operations Director.

#### **Mr Klaus Borowski**

Non-executive director

Mr Borowski is a metallurgical engineer by background, having studied in his home country of Germany. He first arrived in South Africa in 1966, where he was Technical Director of Dunsward Steel until 1979. After a short period in Europe within the steel industry, he returned to South Africa in 1982 and subsequently held several positions in the iron and steel industry in South Africa, including as Managing Director of Krupp South Africa and as Executive Director of IMS. In 1998, Mr Borowski formed Applied Metallurgical Technologies, and amongst other things he was on the steering committee of Saldhana Steel.

#### **Mr Kofi Morna**

Non-executive director

Mr Morna holds a science degree and a Master of Business Administration degree from Harvard University. He is a non-executive director of ASX-listed Aquarius Platinum Limited and is Executive Director of Savannah Resources (Pty) Ltd. He has a broad exposure to the iron ore industry in South Africa.

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**Mr Grant Button**

Non-executive director

Mr Button is a qualified accountant and has significant financial and other commercial management and transactional experience. Mr Button has 18 years' experience at a senior management level in the resources industry. He has acted as an Executive Director, Managing Director, Finance Director, CFO and Company Secretary of a range of publicly listed companies. He is also an Executive Director of Magnum Mining & Exploration Limited, Executive Director of Sylvania Resources Limited, Non-Executive Chairman of Realm Resources Limited and Non-Executive Chairman of Alamar Resources Limited.

**Mr Ted Droste**

Non-executive director

After graduating in 1962, Mr Droste worked at African Metals Corporation Limited (now known as Samancor), where he was responsible for the operation of an electric arc furnace to produce the ferro-alloy, ferro-silicon-manganese. He subsequently joined the Development Department of the Chlor-Alkali division of Sentrachem Limited. In his ten years with this company, Ted rose in seniority to eventually hold the position of Research and Development Manager.

After completing ten years with Sentrachem, he joined the Projects Division of the Industrial Development Corporation of South Africa (IDC) in 1974, in whose employ he remained until he took early retirement in 2001 to start his own business with two partners. During this period, Mr Droste held a number of positions: the last nine years as Senior General Manager-Projects Division reporting to the Managing Director of IDC, and was required to attend the Corporation's monthly board meetings.

In 2001, Mr Droste, together with two partners, started an engineering manufacturing company, Bay Precision and Mining (Pty) Limited, of which Mr Droste is Chairman. He consults to various companies through his investments holding company, TC Droste Investments (Pty) Ltd.

**Mr Matodzi Nesongozwi**

Non-executive director

Mr Nesongozwi started his career as a mining engineer as a trainee for South Era Resource at Klippringer Diamond Mine, Marsfontein Diamond Mine and Messina Platinum Mine. He was then hired as a site manager by Andru Open Cast (Pty) Ltd at their Bankfontein Coal Mine in 2002. Some of his responsibilities included leading the mining team in the cost effective optimization and extraction of coal, ensuring compliance with Mine Health and Safety Regulations, Mineral Act and Regulations, Labour Law and laws governing the mining industry in the RSA. He then moved to Anglo Platinum Ltd where he was a production coordinator or pit foreman at the Potgietersrus Platinum Mine. In 2005 he was promoted to a Graduate Mining Engineer (Resources coordinator).

In 2006 he founded Umthombo Resources (Pty) Ltd, which had been an 'idea' for a very long time. With the help of associates that he had made through his experience in the mining industry Mr Nesongozwi has since led the company in its path to strategic growth. The company is involved in a coal mining joint venture with an established Turkish company, Sumo Coal (Pty) Ltd and has been able to establish itself as an emerging and growing figure in the mining industry when it secured prospecting rights on ten farms for coal in the Mpumalanga Province.

**The Directors recommend that shareholders vote in favour of Resolutions 2 to 8 (inclusive).**

**RESOLUTION 9 – APPROVAL OF EMPLOYEE OPTION PLAN**

The Company has established an Employee Option Plan, the material terms of which are set out below (**Option Plan**). Resolution 9 is a resolution which seeks shareholder approval in accordance with

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Exception 9 of Rule 7.2 of the ASX Listing Rules for the Company to issue securities under the Plan without prior shareholder approval and in reliance on the exception to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that shareholder approval is required before the company may issue certain securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of ASX Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme (including the Option Plan) where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 9 of ASX Listing Rule 7.2).

In order to take advantage of the exemption from ASX Listing Rule 7.1 and allow the Company flexibility to issue securities, Shareholders are requested to approve the issue of securities under the Option Plan as an exemption from Listing Rule 7.1. This approval will be effective for a period of 3 years from the date of the Resolution. It should be noted that Resolution 9 does not approve the issue of any Employee Options to any director of the Company. Employee Options cannot be granted to directors of the Company or their associates unless prior approval of shareholders is obtained in accordance with the ASX Listing Rules.

Please note that the Company will take reasonable steps to ensure that the number of Shares the subject of Employee Options, when aggregated with any Shares the subject of offers or invitations under any employee share schemes and any Shares issued during the previous five years pursuant to employee shares schemes, does not exceed 5% of the total number of Shares on issue as at the time of the relevant offer (in accordance with the terms of the Option Plan).

The main purpose of the Option Plan is to provide an additional incentive to Eligible Persons (being directors and other officers, employees, contractors to and consultants of the Company and its subsidiaries) to provide dedicated and ongoing commitment and effort to the Group, and for the Company to reward its directors and other officers, employees, contractors and consultants for their efforts.

If Employee Options are exercised, this will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of options exercised. It will also increase the number of Shares that are on issue by the number of options exercised.

Shares issued pursuant to the exercise of the Employee Options will rank *pari passu* in all respects with the Company's existing Shares.

Employee Options will not be listed for quotation on ASX. However, the Company will make application for the official quotation of Shares issued on the exercise of Employee Options to ASX and to each other Stock Exchange on which Shares are listed at the time.

In accordance with ASX Listing Rule 7.2, Shareholders are provided with the following information. A summary of the significant terms of the Option Plan follows:

- a. the Board Committee administering the Option Plan will determine participation in the Option Plan having regard to factors such as seniority, length of service, record of employment and potential contribution. Such participation (by way of an issue of an invitation inviting an application for options) may be subject to the satisfaction of corporate or personal goals;

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- b. once an invitation is accepted the Company will issue the number of Employee Options applied for and an option certificate for them;
- c. each Employee Option entitles the Option holder, on exercise, to one Share;
- d. there is no issue price for the Employee Options. The exercise price for the Employee Option will be such price as determined by the Board Committee (in its discretion) being not less than:
  - i. (if there was at least one transaction in the Shares on ASX during the 10 Business Day period immediately before the date of the invitation to take up Employee Options) the VWAP determination for that period; or
  - ii. (if there were no transactions in the Shares on ASX during the 10 Business Day period immediately before the date of the invitation to take up Employee Options) the last price at which an offer was made on ASX to purchase a Share;
- e. the expiry date for an Employee Option is the date determined by the Board Committee at the time of issue, which will be no later than 10 years from the date of issue;
- f. Shares issued as a result of the exercise of any Employee Options will rank equally in all respects with Shares;
- g. Employee Options may not be transferred other than with the prior written approval of the Board Committee. Quotation of Employee Options on the ASX will not be sought. However, the Company will apply to the ASX for official quotation of Shares issued on the exercise of Employee Options;
- h. an Employee Option may only be exercised by written notice to the Company together with payment in full (unless other arrangements have been approved by the Committee). An Employee Option may be exercised at any time after that Option has vested and any other conditions imposed by the Board on exercise satisfied and before it lapses. The Board may determine the vesting period and any condition on exercise (if any). An Employee Option will lapse upon the expiry date (being 10 years from the grant date or such shorter period specified by the Board Committee) or one month after the holder ceases to be an Eligible Person (though if the holder ceases to be an Eligible Person by reason of retirement or retrenchment, bankruptcy or death, not until twelve months after such event);
- i. there are no participating rights or entitlements inherent in the Employee Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options. However, the Company will ensure that Option holders will be given such notice period determined by the ASX Listing Rules to determine whether to exercise their Employee Options so as to participate in any bonus or entitlement issue;
- j. in the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Employee Options, the number of Employee Options to which each Option holder is entitled or the exercise price of his or her Employee Options, or both, or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules;
- k. Annexure 1 to the Plan Rules sets out particular rules which may be applied only to South African employees which permit, with the Board Committee's consent, certain 'Option

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Vesting Rights' which are rights to take delivery of and make payment for Shares in periods specified by the Board;

- I. The Board Committee will administer the Plan and the Board has general powers to amend the Plan Rules from time to time;

Although directors are eligible to be offered Employee Options under the Option Plan, this first requires specific Shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act.

No options have yet been issued under the Plan (though see Resolutions 13 to 16 and 18).

**The Directors recommend that shareholders vote in favour of Resolution 9.**

**RESOLUTION 10 – APPROVAL OF EMPLOYEE SHARE PLAN**

The Company has also established an Employee Share Plan, the material terms of which are set out below (**Share Plan**). Resolution 10 is a resolution which (among other things) seeks approval in accordance with Exception 9 of Rule 7.2 of the ASX Listing Rules for the Company to issue ordinary shares under the Share Plan without shareholder approval and in reliance on the exception to Listing Rule 7.1.

As set out above, ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including shares. The effect is that shareholder approval is required before the company may issue certain securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of ASX Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme (including the Share Plan) where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 9 of ASX Listing Rule 7.2).

The Company wishes for the issue of Shares under the Share Plan not to be included when undertaking the calculation pursuant to ASX Listing Rule 7.1. Accordingly, it is seeking shareholder approval in respect of the issue of Shares under the Share Plan as an exemption from Listing Rule 7.1.

Under the terms of the Share Plan, to assist employees to participate in the Share Plan the Company may offer loans to employees to finance the acquisition price of Employee Shares.

The provision of such loans may constitute the giving of financial assistance in connection with an acquisition of Shares in the Company. Such financial assistance may be prohibited unless an exemption from section 260A of the Corporations Act applies.

One exemption from section 260A of the Corporations Act (set out in section 260C(4)) is financial assistance given under an employee share scheme approved by a resolution passed at a general meeting of the Company. Accordingly, the Company is also seeking shareholder approval in respect of the Share Plan for the purposes of section 260C(4) of the Corporations Act.

Please note that the Company will take reasonable steps to ensure that the number of Shares the subject of any invitation under the Share Plan, when aggregated with any Shares the subject of offers or invitations under any employee share schemes and any Shares issued during the previous five years pursuant to employee share schemes, does not exceed 5% of the total number of Shares on issue as at the date of the relevant offer (in accordance with the terms of the Share Plan).

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**Summary of the Share Plan**

The Board is committed to maintaining and incentivizing executives and employees. Under the Share Plan, which enables participation by all Eligible Employees (being directors and other officers, employees, contractors and consultants of the Company and its subsidiaries who are determined by the Board to be an Eligible Employee for the purposes of the Share Plan), employees may be offered the opportunity to subscribe for ordinary shares in the Company.

Except insofar as is necessary to comply with the provisions of an employment contract or other contract approved by the Board whereby executive or technical services are provided to the Company, the issue price for each Employee Share will be not less than:

- a. (if there was at least one transaction in the Shares on ASX during the 10 Business Day trading period immediately before the date of the invitation to take up Employee Shares) the price determined by VWAP determination of the Shares on ASX during that period; or
- b. (if there were no transactions in the Shares on ASX during the 10 Business Day trading period immediately before the date of the invitation to take up Employee Shares) the last price at which an offer was made on ASX to purchase a Share.

**Loans**

To assist Eligible Employees to participate in the Share Plan, the Company may offer loans to Eligible Employees to finance the acquisition price of the Employee Shares.

The Company will have the discretion to determine whether to offer a loan and also to determine how much the employee should subscribe using their own funds and how much of the total purchase price will be made available by a loan.

The principal amount outstanding under loans made by the Company will be interest free. The loans will be of a limited recourse nature such that the Company will accept in full satisfaction of repayment of a loan the amount of the market value of the Employee Shares at the time the loan is due to be repaid (less any transaction costs relating to the disposal of the shares) in the event that the market value of the Employee Shares is less than the amount of the loan outstanding. The loan is to be repaid within such period as is specified by the Committee at the time of making the invitation.

**Rights and entitlements**

From the date Employee Shares are acquired under the Share Plan, employees will have full entitlements to all dividends and bonus shares, and voting rights, although, unless otherwise determined by the Board, the amount of any cash dividend will be applied against repayment of any loan which may have been made available to assist the acquisition of the Employee Shares.

**Restrictions on disposal of Employee Shares**

An Eligible Employee may not sell or otherwise deal with an Employee Share until the loan amount in respect of that Employee Share has been repaid and until the expiry of the qualifying period in respect of the Employee Shares, if any, that may be imposed by the Board and set out in the Invitation, and the Company:

- a. will retain the Share Certificate (if any) and an executed Share Transfer Form in respect of the Employee Shares;

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- b. may apply a Holding Lock; and
- c. may refuse to register a transfer of Employee Shares,

until the loan amount has been repaid and any applicable qualifying periods have passed. The Company will have a lien over any Employee Shares in relation to which a loan remains outstanding.

If an Eligible Employee wishes to sell any Employee Shares prior to repayment in full of the loan amount and prior to the expiry of any qualifying period then the eligible employee may give written notice to the Company requesting the Company to sell the relevant Employee Shares. In the absolute discretion of the Committee, in the case of hardship or otherwise, and provided the Committee is of the opinion that the proceeds from the sale of the Employee Shares are reasonably likely to exceed the amount outstanding in relation to the loan, the Company may, within 30 days after receipt of such a notice, arrange for the sale of the Employee Shares and apply the proceeds of the sale in repayment of the loan (together with reasonable expenses).

**Repayment of loan upon ceasing to be an Eligible Employee**

If, prior to the repayment in full of the loan by an Eligible Employee, the Eligible Employee dies, becomes bankrupt or ceases to be an Eligible Employee, then the Eligible Employee (or his or personal representative) must elect between one of the following (and if no election is made the first is deemed to apply):

- a. to have Company sell on ASX, or place, the relevant Employee Shares and apply the proceeds of the sale in repayment of the loan (together with reasonable expenses); or
- b. to repay the loan and, upon repayment in full of the loan, have the relevant Employee Shares fully vested in their name. If this election is made then the loan must be repaid within 12 months in the event of the death, bankruptcy, retirement or retrenchment, or within one month in the event that the eligible employee resigns, is terminated or otherwise ceases to be an eligible employee.

The Board Committee will administer the Plan and has general powers to amend the Plan Rules from time to time.

No shares have yet been issued under the Share Plan (though see Resolutions 12, 17 and 19).

**The Directors recommend that shareholders vote in favour of Resolution 10.**

**RESOLUTION 11 – INCREASE IN FEES FOR NON-EXECUTIVE DIRECTORS**

Shareholders are asked to approve and authorize the Board to increase the maximum total fees payable to non-executive directors from its current limit (set in 2005) of \$150,000 by \$100,000 to a new limit of \$250,000. (Under the Company's Constitution, reimbursement of expenses incurred by directors in the performance of their duties and fees paid to directors for special services supplied to the Company over and above performance of non-executive director responsibilities are not included within this limit). In accordance with the ASX Listing Rules, this limit will include any superannuation payable on directors' fees.

The directors have no current plans to change non-executive fees (set at \$40,000 per annum excluding superannuation for a non-executive chairman and \$30,000 per annum excluding superannuation for other non-executive directors). However, with the increasing level of activity within the Company, and the recent appointment of additional directors, the directors consider it prudent to increase the maximum level of fees payable to ensure that the Company can attract and retain appropriately qualified and experienced candidates as directors.

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The proposed maximum is considered to be comparable to that set by companies of similar size.

**Given their interest in the outcome, the directors make no recommendation in relation to Resolution 11.**

**RESOLUTIONS 12 TO 19 (INCLUSIVE) – RELATED PARTY TRANSACTIONS**

The Company proposes to issue Securities under the Option Plan and the Share Plan to seven directors (being respectively, 600,000 Shares to Ed Nealon, 600,000 Options to Scott Huntly, 500,000 Options to each of Frederik Botha, Klaus Borowski, Kofi Morna and Ted Droste and 500,000 Shares to Grant Button, or their respective nominees) and another Company officer who is a related party (200,000 Shares to Andrew Nealon or his nominee) (all being **Recipient Officers**).

The proposed issue of Shares to the Recipient Officers is intended to:

- a. provide an appropriate and adequate incentive for the Recipient Officers;
- b. ensure that the Company may retain the services of the Recipient Officers; and
- c. reinforce the commitment of the Recipient Officers to the Company.

Resolutions 12 to 19 (inclusive) seek shareholder approval for the issue of Securities to the Recipient Officers as follows:

<b>Name of Recipient Officer</b>	<b>Number of Securities</b>
<b>Ed Nealon</b>	<b>600,000 (Shares)</b>
<b>Scott Huntly</b>	<b>600,000 (Options)</b>
<b>Frederik Botha</b>	<b>500,000 (Options)</b>
<b>Klaus Borowski</b>	<b>500,000 (Options)</b>
<b>Kofi Morna</b>	<b>500,000 (Options)</b>
<b>Grant Button</b>	<b>500,000 (Shares)</b>
<b>Ted Droste</b>	<b>500,000 (Options)</b>
<b>Andrew Nealon</b>	<b>200,000 (Shares)</b>

The Employee Shares to be issued to the relevant Recipient Officers (Ed Nealon, Grant Button and Andrew Nealon) are to be issued under the Share Plan and at an issue price being the higher of the Share price of \$0.175 (being the price at the close of business on the last trading day before the date of this notice) and the price calculated by means of VWAP over the 10 Business Day trading period immediately before the date the Shares are issued to them. A limited recourse loan will be made available to these three Recipient Officers for an amount equal to the subscription price for these shares. The loan is being made under, and will be repayable in accordance with, the terms of the Employee Share Plan (see Resolution 10 above). Transfer of the Employee Shares will be restricted until the conclusion of the qualifying periods set out below. No fixed term has been set for the repayment of loans in respect of the Employee Shares, which means that the loans will be repayable by the Recipient Officers in accordance with the provisions of the Share Plan.

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The Employee Options to be granted to the relevant Recipient Officers (Scott Huntly, Frederik Botha, Klaus Borowski, Kofi Morna and Ted Droste) are to have an exercise period of three years and an exercise price being the higher of the Share price of \$0.175 (being the price at the close of business on the last trading day before the date of this notice) and the price calculated by means of VWAP over the 10 Business Day trading period immediately before the date the Shares are issued to them. The Employee Options will not have any other vesting conditions.

The number of Securities proposed to be issued to the Recipient Officers reflects the level of commitment provided or to be provided by each officer the Company, taking into account the responsibilities of each officer and the time commitments required from each officer. The number of Securities proposed to be issued or granted to the Recipient Officers also reflects the value the Board feels that each officer brings to the enhancement of the Company and the level of commitment required by the Company from each officer.

The Securities to be issued pursuant to Resolutions 12 to 19 (inclusive) are in addition to the fees and remuneration packages payable by the Company to those Recipient Officers. In calculating the fee and remuneration packages provided to the Recipient Officers as set out in this Explanatory Statement, the Board has taken into consideration the issues of securities proposed in Resolutions 12 to 19 (inclusive). The Board considers that the appropriate remuneration package for each of the Recipient Officers comprises both the remuneration set out in this Explanatory Statement and the securities to be issued if Resolutions 12 to 19 (inclusive) are passed by shareholders. Given the size of the Company, the Board considers it appropriate for part of the remuneration package to comprise non-cash, incentive-based remuneration.

**Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- a. the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- b. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Officer is a related party and the issue of Securities to the Recipient Officers constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required for such issue.

In accordance with the requirements of Chapter 2E, and in particular section 219, of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issues of Securities to the Recipient Officers:

- a. Ed Nealon, Scott Huntly, Frederik Botha, Klaus Borowski, Kofi Morna, Grant Button and Ted Droste are directors to whom proposed Resolutions 12 to 18 would permit the financial benefit to be given;
- b. Andrew Nealon is one of the Company Secretaries and is also a related party of the Company (as the son of a director) to whom Resolution 19 would permit the financial benefit to be given;
- c. the nature of the financial benefit to be given to Ed Nealon is the issue of 600,000 Employee Shares under the Share Plan and a limited recourse loan in respect of those Employee Shares for their issue price;

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- d. the nature of the financial benefit to be given to Scott Huntly is the grant of 600,000 Employee Options under the Option Plan;
- e. the nature of the financial benefit to be given to Frederik Botha is the grant of 500,000 Employee Options under the Option Plan;
- f. the nature of the financial benefit to be given to Klaus Borowski is the grant of 500,000 Employee Options under the Option Plan;
- g. the nature of the financial benefit to be given to Kofi Morna is the grant of 500,000 Employee Options under the Option Plan;
- h. the nature of the financial benefit to be given to Grant Button is the issue of 500,000 Employee Shares under the Share Plan and a limited recourse loan in respect of those Shares for their issue price;
- i. the nature of the financial benefit to be given to Ted Droste is the grant of 500,000 Employee Options under the Option Plan;
- j. the nature of the financial benefit to be given to Andrew Nealon is the issue of 200,000 Employee Shares under the Share Plan and a limited recourse loan in respect of those Shares for their issue price;
- k. it is proposed that the Securities will be issued to Recipient Officers within one month of the Meeting, and the Company intends to do so as soon as reasonably practicable following Shareholder approval, but reserves the right to issue the Shares progressively during that period;
- l. no funds will be raised in the short to mid term by the issue of these Shares and Options to Recipient Officers. Funds will be raised upon exercise of Options. Funds will also be raised when loans in respect of Shares are repaid. In either case, these are not expected to be substantial and are expected to be used for working capital purposes;
- m. as at the date of this Notice, the capital structure of the Company is as follows:

<b>Capital</b>	<b>Number</b>
Ordinary Shares	195,786,704
Options	21,496,727

If Shareholders approve Resolutions 12 to 19 (inclusive) contained in this Notice and all Shares and Options are issued as contemplated by those Resolutions, the issued capital of the Company would be as follows:

<b>Capital</b>	<b>Number</b>
Ordinary Shares	197,086,704
Options	24,096,727

If Shareholders approve the issue of the 3,900,000 Securities to Recipient Officers the subject of Resolutions 12 to 19 (inclusive) and all Securities are issued as

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contemplated by those Resolutions, the effect will be to dilute the security holding of existing security holders by approximately 1.8%, based on the existing number of Securities as at the date of this Notice.

- n. as at the date of this Notice, the Recipient Officers hold the following Securities in the Company representing 3.22% of the currently issued capital of the Company on a fully diluted basis:

<b>Recipient Officer</b>	<b>Number of Shares held directly</b>	<b>Number of Shares held indirectly</b>	<b>Number of Options held directly</b>	<b>Number of Options held indirectly</b>
Ed Nealon	545,000	-	-	-
Scott Huntly	1,887,000	3,447,007	-	-
Frederik Botha	-	-	-	-
Klaus Borowski	-	-	-	-
Kofi Morna	-	-	-	-
Grant Button	436,000	500,000	-	-
Ted Droste	-	-	-	-
Andrew Nealon	400,813	-	-	-

If Shareholders approve Resolutions 12 to 19 (inclusive) contained in this Notice and all Securities are issued as contemplated by those Resolutions, the Recipient Officers will hold the following Securities in the Company (representing 4.99% of the issued capital of the Company on a fully diluted basis and based on the number of Shares and Options currently on issue):

<b>Recipient Officer</b>	<b>Number of Shares held directly</b>	<b>Number of Shares held indirectly</b>	<b>Number of Options held directly</b>	<b>Number of Options held indirectly</b>
Ed Nealon	1,145,000	-	-	-
Scott Huntly	1,887,000	3,447,007	600,000	-
Frederik Botha	-	-	500,000	-
Klaus Borowski	-	-	500,000	-
Kofi Morna	-	-	500,000	-

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Grant Button	436,000	1,000,000	-	-
Ted Droste	-	-	500,000	-
Andrew Nealon	600,813	-	-	-

- o. details of the Recipient Officers' remuneration for the year ended 30 June 2010 (based on information extracted from the Company's 2010 Annual Report) are as follows:

Recipient Officer	Cash, salary and fees	Super-annuation	Total
Ed Nealon	-	-	-
Scott Huntly	\$119,918	-	\$119,918
Frederik Botha	\$31,398	\$1,463	\$32,861
Klaus Borowski	-	-	-
Kofi Morna	-	-	-
Grant Button	-	-	-
Ted Droste	-	-	-
Andrew Nealon	\$24,000	-	\$24,000

Details of the estimated remuneration payable to the Recipient Officers for the year beginning 1 July 2010 are as follows:

Recipient Officer	Cash, salary and fees	Super-annuation	Total
Ed Nealon	\$60,000	\$6,000	\$66,000
Scott Huntly	\$260,000	-	\$260,000
Frederik Botha	\$180,000	-	\$180,000
Klaus Borowski	\$25,000	-	\$25,000
Kofi Morna	\$22,500	-	\$22,500
Grant Button	\$22,500	\$2,500	\$25,000
Ted Droste	\$22,500	-	\$22,500

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Andrew Nealon	\$60,000	-	\$60,000
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- p. the primary purpose of the issue of the Securities to the Recipient Officers is to provide an incentive to the Recipient Officers. Given this purpose, the directors do not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Securities proposed by Resolutions 12 to 19;
- q. the issue of Securities to the Recipient Officers is a more cost effective incentive for the Company as opposed to the payment of greater cash compensation;
- r. Ed Nealon has a material personal interest in the outcome of Resolution 12, Scott Huntly has a material personal interest in the outcome of Resolution 13, Frederik Botha has a material personal interest in the outcome of Resolution 14, Klaus Borowski has a material personal interest in the outcome of Resolution 15, Kofi Morna has a material personal interest in the outcome of Resolution 16, Grant Button has a material personal interest in the outcome of Resolution 17, Ted Droste has a material personal interest in the outcome of Resolution 18 and Andrew Nealon has a material personal interest in the outcome of Resolution 19 as the recipients of the Securities proposed to be issued;
- s. none of the Recipient Officers wishes to make a recommendation to Shareholders about Resolutions 12 to 19, because each has an interest in the outcome of those resolutions;
- t. the directors attribute a value to the Securities proposed to be issued as at the date of this notice of \$0.065 per Share and \$0.106 per Option, based upon the following considerations and assumptions:
- o the underlying value of each Share in the Company is based on the closing Share price of 17.5 cents as at 14 October 2010 (and a 12 month high and low of \$0.22 on 15 April 2010 and \$0.10 on 15 February 2010);
  - o risk free rate or return – 4.89% (based on the 5 year bond indicator rate as at 14 October 2010);
  - o expected share price volatility of 92%;
  - o Employee Options will not be transferable (except in limited circumstances with Board Committee approval)
  - o Employee Shares may not be transferred or otherwise dealt with without the approval of the Board Committee, until the later to occur of the following:
    - (A) **(repayment of loan)** any loan in respect of the Employee Shares is repaid; and
    - (B) **(qualifying period)** in respect of:
      - (i) one-third of the Employee Shares issued under the offer, 12 months after the date of issue of the Shares;
      - (ii) one-third of the Employee Shares issued under the offer, 24 months after the date of issue of the Shares; and
      - (iii) one-third of the Employee Shares issued under the offer, 36 months after the date of issue of the Shares, and

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- issue price of Shares and the exercise price of Options being as described in this Notice (being calculated as the VWAP of Shares over the 10 trading days prior to invitations in respect of them are issued) expected to be in the order of \$0.18).

Based on the above, the Black and Scholes Option Pricing Model attributes a theoretical value to each Share to be issued to Ed Nealon, Grant Button and Andrew Nealon of 9 cents for the Shares described in paragraph (B)(i), of 6.6 cents for the Shares described in paragraph (B)(ii) and of 4.9 cents for the Employee Shares described in paragraph (B)(iii). It attributes a theoretical value of 10.6 cents for each Employee Option to be granted to Recipient Officers.

The Black and Scholes Option Pricing Model assumes that the Securities the subject of the valuation can be sold on a secondary market. The Employee Options will not be transferable (except in limited circumstances with Board Committee approval). The terms and conditions of the Share Plan state that an Eligible Employee may not sell or otherwise deal with an Employee Share until the expiry of the qualifying period in respect of the Employee Shares. Accordingly a discount for lack of marketability is required to determine an indicative fair value of the Employee Shares and for the Employee Options.

The directors have calculated an indicative fair value of the Employee Shares, based on a discount factor of 50% applied to the theoretical valuation of the Shares, of 4.5 cents per Share for the Shares described in paragraph (B)(i), 3.3 cents per Share for the Shares described in paragraph (B)(ii) and 2.45 cents per share for the Shares described in paragraph (B)(iii).

The directors have calculated an indicative fair value of the Employee Options to be granted pursuant to Resolutions 13 to 16 and 18, based on a discount factor of 50% applied to the theoretical valuation of the Options, of 5.3 cents per Option.

For the purposes of arriving at an appropriate discount rate, the directors have considered:

- that discounts have traditionally been applied in the range of 10% to 30% to reflect the non-negotiability of unlisted or untradeable equities; and
- the fact that the Securities will be unlisted (or otherwise unable to be traded).

The tables below summarize the values attributed by the directors to the Security issue:

First tranche (described in paragraph (B)(i)) of Employee Shares and all of the Employee Options to Recipient Officers.

<b>Allottee</b>	<b>Theoretical Value per Security (cents)</b>	<b>Discount (%)</b>	<b>Indicative value per Security (cents)</b>	<b>Number of Securities issued to Allottee</b>	<b>Indicative value of limited recourse loan (\$)</b>	<b>Total value (\$)</b>
<b><i>Ed Nealon (Shares)</i></b>	<b>9</b>	<b>50</b>	<b>4.5</b>	<b>200,000</b>	<b>6,738</b>	<b>15,738</b>
<b><i>Scott Huntly (Options)</i></b>	<b>10.6</b>	<b>50</b>	<b>5.3</b>	<b>600,000</b>		<b>31,800</b>
<b><i>Frederik Botha (Options)</i></b>	<b>10.6</b>	<b>50</b>	<b>5.3</b>	<b>500,000</b>		<b>26,500</b>

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<i>Klaus Borowski (Options)</i>	10.6	50	5.3			26,500
<i>Kofi Morna (Options)</i>	10.6	50	5.3			26,500
<i>Grant Button (Shares)</i>	9	50	4.5	166,667	5,615	13,115
<i>Ted Droste (Options)</i>	10.6	50	5.3	500,000		26,500
<i>Andrew Nealon (Shares)</i>	9	50	4.5	66,667	2,246	5,246

Second tranche (described in paragraph (B)(ii)) of Employee Shares.

Allottee	Theoretical Value per Security (cents)	Discount (%)	Indicative value per Security (cents)	Number of Securities issued to Allottee	Indicative value of limited recourse loan (\$)	Total value (\$)
<i>Ed Nealon (Shares)</i>	6.6	50	3.35	200,000	4,941	11,541
<i>Grant Button (Shares)</i>	6.6	50	3.3	166,667	4,117	9,617
<i>Andrew Nealon (Shares)</i>	6.6	50	3.3	66,667	1,647	3,847

Third tranche (described in paragraph (B)(iii)) of Employee Shares.

Allottee	Theoretical Value per Security (cents)	Discount (%)	Indicative value per Security (cents)	Number of Securities issued to Allottee	Indicative value of limited recourse loan (\$)	Total value (\$)
<i>Ed Nealon (Shares)</i>	4.9	50	2.45	200,000	3,221	8,121
<i>Grant Button (Shares)</i>	4.9	50	2.45	166,666	2,684	6,767
<i>Andrew Nealon (Shares)</i>	4.9	50	2.45	66,666	1,074	2,707

Total.

Allottee	Theoretical	Discount	Indicative	Number	Indicative	Total
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	al Value per Security (cents)	(%)	value per Security (cents)	of Securities issued to Allottee	value of limited recourse loan (\$)	value (\$)
<i>Ed Nealon (Shares)</i>	6.83	50	3.42	600,000	14,900	35,400
<i>Scott Huntly (Options)</i>	10.6	50	5.3	600,000		31,800
<i>Frederik Botha (Options)</i>	10.6	50	5.3	500,000		26,500
<i>Klaus Borowski (Options)</i>	10.6	50	5.3	500,000		26,500
<i>Kofi Morna (Options)</i>	10.6	50	5.3	500,000		26,500
<i>Grant Button (Shares)</i>	6.83	50	3.42	500,000	12,417	29,500
<i>Ted Droste (Options)</i>	10.6	50	5.3	500,000		26,500
<i>Andrew Nealon (Shares)</i>	6.83	50	3.42	200,000	4,967	11,800

- u. additional information in relation to Resolutions 12 to 19 is set out throughout this Explanatory Statement (including summaries of the Plans pursuant to which the Employee Shares and Employee Options will be issued). Shareholders should therefore read the Explanatory Statement in its entirety before making a decision on how to vote on Resolutions 12 to 19;
- v. the Company will incur no liabilities or costs in respect of the proposed issue of the Securities to the Recipient Officers other than:
- i. the fees payable to ASX for quotation of the Shares (including any issued upon exercise of Options), if and when they are quoted. At the rates applying at the date of this notice, these fees would be approximately \$7,000;
  - ii. the cost of the Shares will be expensed through the Company's income statement in accordance with AASB2 Share Based Payments; and
- w. neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 12 to 19, other than as stated in this Explanatory Statement.

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**ASX Listing Rule 7.1 and 10.14 approval**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Approval is therefore sought for the issue of Securities to the Recipient Officers under Listing Rule 7.1 in order that the issues not dilute the Company's placement capacity.

Listing Rule 10.14 provides that, without shareholder approval, a company must not permit a director, an associate of a director or a person whose relationship with the company or a director or associate is in ASX's opinion such that approval should be obtained, to acquire securities under an employee incentive scheme. As noted above, each Recipient Officer is a director of the Company (other than Andrew Nealon who is one of the Company Secretaries and is also a related party of the Company (as the son of a director)). Approval is therefore sought to issue the Recipient Officers with the 1,300,000 Shares and 2,600,000 Options referred to above (on the terms outlined above).

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided to Shareholders to allow them to assess the proposed issues of Securities:

- a. the maximum number of securities to be allotted and issued pursuant to Resolutions 12 to 19 (inclusive) is 1,300,000 Shares and 2,600,000 Options;
- b. the Securities will be issued to the Recipient Officers within one month of the Meeting, and the Company intends to do so as soon as reasonably practicable following Shareholder approval, but reserves the right to issue the Shares progressively during that period;
- c. the issue price of the Shares proposed to be allotted and issued will be the higher of the Share price of \$0.175 (being the price at the close of business on the last trading day before the date of this notice) and the price calculated by means of VWAP over the 10 Business Day trading period immediately before the date the Shares are issued to the relevant Recipient Officers;
- d. the Options are to be granted free of charge;
- e. the names of the allottees are Ed Nealon, Scott Huntly, Frederik Botha, Klaus Borowski, Kofi Morna and Ted Droste (or their respective nominees), each of whom is a director of the Company and a related party of it, and another Company officer who is a related party, Andrew Nealon (or his nominee);
- f. the Shares will rank equally with the Shares currently on issue other than the fact of the transfer restrictions referred to above;
- g. the Options are to have an exercise period of three years and an exercise price being the higher of the Share price of \$0.175 (being the price at the close of business on the last trading day before the date of this notice) and the price calculated by means of VWAP over the 10 Business Day trading period immediately before the date the Shares are issued to them. The Options will not have any other vesting conditions. The Options are otherwise issued on the terms of the Employee Option Plan summarised earlier in this explanatory statement;
- h. No funds will be raised in the short to mid term by the issue of these Shares and Options to Recipient Officers. Funds will be raised upon exercise of Options. Funds

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will also be raised when loans in respect of Shares are repaid. In either case, these are not expected to be substantial and are expected to be used for working capital purposes.

Pursuant to and in accordance with ASX Listing Rule 10.15, the following additional information is provided to Shareholders to allow them to assess the proposed issues of Securities:

- a. Ed Nealon, Scott Huntly, Frederik Botha, Klaus Borowski, Kofi Morna, Grant Button and Ted Droste are directors whom proposed Resolutions 12 to 18 would permit to acquire securities under an employee incentive scheme;
- b. Andrew Nealon is one of the Company Secretaries and is also a related party of the Company (as the son of a director) whom Resolution 19 would permit to acquire securities under an employee incentive scheme;
- c. No securities have previously been issued under the Option Plan or the Share Plan;
- d. While the Plans referred to earlier in this explanatory statement are potentially open to all directors of the Company, Resolutions 12 to 19 do not seek approval the issue of Employee Options or Employee Shares to any director or associate of a director other than those specifically named in those Resolutions. Equity securities (which includes Shares and Options – whether or not issued pursuant to an incentive plan) cannot be granted to directors of the Company or their associates unless prior approval of shareholders is obtained in accordance with the ASX Listing Rules.
- e. A limited recourse loan will be made available to three of the Recipient Officers (being Ed Nealon, Grant Button and Andrew Nealon) for an amount equal to the subscription price for their Shares. The loan is being made under, and will be repayable in accordance with, the terms of the Employee Share Plan (see Resolution 10 above). Transfer of the Employee Shares will also be restricted until the conclusion of the qualifying periods set out above. No fixed term has been set for the repayment of loans in respect of the Employee Shares, which means that the loans will be repayable by the Recipient Officers in accordance with the provisions of the Share Plan.

### RESOLUTION 20 - FUTURE ISSUE OF SECURITIES

#### Background

As has been announced previously, the Company is considering applying for admission of its Shares on AIM. The Board has not yet resolved to proceed with any application for admission to trading on AIM. However, if it does, it is likely to conduct a capital raising in the United Kingdom in conjunction with the application for admission to trading on AIM.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. As the number of Shares that the Company may wish to issue, if it proceeds with the proposed application for admission to trading on AIM, may exceed the 15% limit, the Resolution seeks Shareholder approval for the allotment and issue of 60,000,000 Shares in conjunction with any application for admission to trading on AIM (**Future Share Issue**).

The effect of Resolution 20 will be to allow the Directors to issue the Shares pursuant to the Future Share Issue during the period of 3 months after the Annual General Meeting (or a longer period, if

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allowed by the ASX), without using the Company's 15% annual placement capacity. The Company will only issue Shares in accordance with the Resolution if the Company makes an application for admission of the Company's securities to trading on AIM.

Shareholders will recall that a similar approval was sought and obtained at a General Meeting of Shareholders of the Company held on 28 September 2010 in respect of the issue of 50,000,000 Shares. Resolution 20 now seeks Shareholder approval for the Future Share Issue in addition to the number approved by Shareholders on 28 September 2010 in order to increase the Company's flexibility in issuing Shares in conjunction with any possible application for admission to trading on AIM during the period of 3 months after the Annual General Meeting, in case the number of Shares that the Company wishes to issue in conjunction with any application for admission to trading on AIM is more than 50 million.

**2. Information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Future Share Issue:

- a. the maximum number of Shares to be allotted and issued pursuant to the Resolution is up to 60,000,000;
- b. the Shares will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment of all Shares will occur on the same date;
- c. the issue price of the Shares proposed to be allotted and issued will be a price which is at least 80% of the weighted average market price of the Company's Shares on ASX over the 5 trading days preceding the day on which the issue is made (or where issued pursuant to a disclosure document, over the last 5 trading days on which sales of Shares are recorded before the date of the disclosure document);
- d. the names of the allottees are not yet known. The Company will announce details of the allottees (or the basis on which they have been determined) once that information is available;
- e. the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- f. the Company intends to use the funds raised by the issue of the Shares for working capital purposes and specifically for the purposes of the Turquoise Moon Iron Project and studies in relation thereto.

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 20 is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**The Directors recommend that shareholders vote in favour of Resolution 20.**

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**GLOSSARY**

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<b>AIM</b>	means the AIM Market of the London Stock Exchange.
<b>ASX</b>	means Australian Securities Exchange.
<b>ASX Listing Rules</b>	means the official listing rules of ASX.
<b>Board</b>	means the current board of directors of the Company.
<b>Company</b>	means Ferrum Crescent Limited A.C.N. 097 532 197.
<b>Corporations Act</b>	means the <i>Corporations Act 2001 (Cth)</i> .
<b>Directors</b>	means the current directors of the Company.
<b>Explanatory Statement</b>	means the explanatory statement accompanying the Notice of Meeting.
<b>Ferrum or Ferrum Crescent</b>	means Ferrum Crescent Limited A.C.N. 097 532 197.
<b>General Meeting or Meeting</b>	means the meeting convened by the Notice of Meeting.
<b>Notice of Meeting</b>	means this notice of annual general meeting including the Explanatory Statement.
<b>Option</b>	means an option to acquire a Share and <b>Options</b> has a corresponding meaning.
<b>Option Plan</b>	means the Ferrum Crescent Option Plan.
<b>Resolution</b>	means the resolution set out in the Notice of Meeting.
<b>Security</b>	means a Share or an Option and <b>Securities</b> has a corresponding meaning..
<b>Share</b>	means a fully paid ordinary share in the capital of the Company and <b>Shares</b> has a corresponding meaning.
<b>Share Plan</b>	means the Ferrum Crescent Share Plan.
<b>Shareholder</b>	means a holder of Shares in the Company.
<b>VWAP</b>	means value and weight averaged price of the Company's share price as quoted on ASX.
<b>WST</b>	means Western Standard Time as observed in Perth, Western Australia.
<b>\$</b>	means Australian dollars.

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**Ferrum Crescent Limited**  
**(formerly Washington Resources Limited)**  
A.C.N. 097 532 137

**Annual Report**

For the period  
1 March 2009 to 30 June 2010

# Ferrum Crescent Limited

A.C.N. 097 532 137

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# Ferrum Crescent Limited

A.C.N. 097 532 137

## Corporate directory

### Directors:

Ed Nealon – Non-Executive Chairman (appointed 9 March 2010)  
Kevin (Scott) Huntly – Executive Director and Managing Director (appointed 11 January 2010)  
Matodzi Nesongozwi – Non-Executive Director (appointed 11 January 2010)  
Frederik (Fanie) Botha – Non-Executive Director (appointed 28 July 2010)  
Klaus Borowski – Non-Executive Director (appointed 1 September 2010)  
Grant Button – Alternate Director to Kevin (Scott) Huntly (appointed 15 June 2010)

### Company Secretary:

Robert Hair (joint) (appointed 11 January 2010)  
Andrew Nealon (joint)  
Robert Van Der Laan (joint) (appointed 9 September 2010)

### Auditor:

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9429 2222  
Facsimile (+61 8) 9429 2436

### Share Registry:

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9323 2000  
Facsimile (+61 8) 9323 2033

### Registered and Principal Office

Unit 1, 135 Great Eastern Highway  
Rivervale WA 6103 AUSTRALIA  
Telephone (+61 8) 9477 3031  
Facsimile (+61 8) 9475 0847  
Website [www.ferrumcrescent.com](http://www.ferrumcrescent.com)  
Email [info@ferrumcrescent.com](mailto:info@ferrumcrescent.com)

### Stock Exchange Listing

Ferrum Crescent Limited shares are listed on the Australian Stock Exchange (ASX code: FCR).

# Ferrum Crescent Limited

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## Directors' report

The directors of Ferrum Crescent Limited ("Ferrum" or "the Company") present their report for the period 1 March 2009 to 30 June 2010.

### Directors

Melissa Sturgess and Mark Burchnall were directors from the beginning of the financial year and resigned on 11 August 2009. Richard Jarvis was a director from the beginning of the financial year until he resigned on 11 January 2010.

Glenn Whiddon and Matthew Sutcliffe were appointed as directors on 19 August 2009 and resigned on 9 March 2010. Gino D'Anna was appointed a director on 28 August 2009 and resigned on 9 March 2010.

Zola Skweyiya was appointed as a director on 11 January 2010 and resigned on 9 March 2010.

Philip Kirchlechner was appointed as a director on 11 January 2010 and resigned on 3 June 2010.

Matodzi Nesongozwi, Adrian Griffin and Scott Huntly were appointed as directors on 11 January 2010. Adrian Griffin resigned on 1 September 2010.

Ed Nealon was appointed as an alternate director to Matodzi Nesongozwi on 11 January 2010 and as a director on 9 March 2010.

Grant Button was appointed as an alternate director to Scott Huntly on 15 June 2010.

Fanie Botha was appointed as a director on 28 July 2010

Klaus Borowski was appointed as a director on 1 September 2010

### Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the company were:

	Number of ordinary shares	Number of options over ordinary shares
Ed Nealon	545,000	0
Scott Huntly	4,447,007	0
Matodzi Nesongozwi	0	0
Klaus Borowski	0	0
Fanie Botha	0	0
Grant Button	936,000	0

# **Ferrum Crescent Limited**

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## **Directors' report (continued)**

### **Principal activities**

The principal activity of the entities within the consolidated entity during the financial year was the exploration for minerals.

### **Dividends**

No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

### **Review of operations and activities**

Information on the operations and activities of the Group is set out in the review of operations and activities on page 19 of this annual report.

The loss after income tax benefit for the period 1 March 2009 to 30 June 2010 was \$7,404,546 (2009: loss \$4,971,394).

The financial position of the Group is presented in the attached Statement of Financial Position.

### **Significant changes in the state of affairs**

On 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCL") completed the legal acquisition of Ferrum Metals Limited (formerly Ferrum Crescent Limited) ("FML"). Under the terms of AASB 3 Business Combinations (Revised), FML was deemed to be the accounting acquirer in the business combination. The transaction has therefore been accounted for as a reverse acquisition.

Accordingly, the consolidated financial statements of the FCL group have been prepared as a continuation of the business and operations of FML. FML, as the deemed acquirer, has accounted for the acquisition of the FCL from 30 November 2009.

There were no other significant changes in the state of affairs of the Consolidated Entity other than those disclosed in other areas of this Annual Report.

### **Matters subsequent to the end of the financial year**

As announced on 21 July 2010, the group issued 8,012,005 shares to the former holders of listed options who elected on a 1 for 10 basis to have their options cancelled in return for shares.

As announced on 20 August 2010, the group disposed of its entire shareholding in Northern Uranium Limited for net sale proceeds of approximately \$1.8 million.

The group issued 10,000,000 shares at 12 cents per share to sophisticated investors. The amount raised was \$1,070,097 after costs.

# Ferrum Crescent Limited

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## Directors' report (continued)

As announced on 1 September 2010, the group has completed studies on the Turquoise Moon Iron Project in Limpopo Province of the Republic of South Africa and intends to carry out further feasibility studies and other activities for the grant of a mining right in respect of the Moonlight Deposit, which is part of that project. As also announced on that date, the group intends to raise funds in conjunction with a listing on the London Stock Exchange's AIM Market.

### Likely developments and expected results of operations

The Group will continue to carry out its business plans, by:

- exploring, evaluating and, if technically and economically feasible, developing the Turquoise Moon Iron Project in the Limpopo Province, South Africa;
- seeking strategic acquisition opportunities within the exploration and mining industry to enter into advanced projects that will add value to the Group; and
- continuing to meet its statutory commitments relating to its exploration tenements and carrying out exploration of its exploration tenements in accordance with its stated strategy, conserving the Group's cash position to be able to take advantage of value adding opportunities.

There can be no guarantee either that exploration of the Group's tenements will result in exploration success or that any strategic acquisition considered by the directors to be likely to add value to the Group will become available to the Group.

### Environmental regulation

The Consolidated Entity's activities are subject to Australian and South African legislation relating to the protection of the environment. The Consolidated Entity is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. There have been no known breaches of these regulations and principles.

### Information on directors who held office during the year

#### Directors as at year end:

Ed Nealon (*Age 60*)(*Non-Executive director, chairman*)

Mr Nealon is a geologist with 36 years' experience in the mining and exploration industry. After graduating in 1974, he commenced his career in South Africa with Anglo American Corporation, before moving to Australia in 1980 where he spent two years in exploration with the Rio Tinto Group. He founded his own consulting company in 1983 and has practised in most of the world's major mining centres. He holds a masters degree in Geology and is a member of the Australasian Institute of Mining and Metallurgy. Mr Nealon was the founder of Aquarius Platinum Ltd (ASX:AQP) and is currently Non-Executive Deputy Chairman of Tanzanite One Ltd (AIM:TNZ). Otherwise, he has not been a director of a listed company in the last three years.

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## Directors' report (continued)

Scott Huntly (*Age 48*)(*Managing Director*)

Mr Huntly, who is a Mining Engineer with over 30 years' experience in the mining industry, principally within South Africa, heads the Company's management and is based in Johannesburg, South Africa. He has extensive experience within government in South Africa and working with several exploration and mining companies within South Africa (including Aquarius Platinum Limited and Sylvania Resources Limited), especially during the companies' transition from exploration to development. He has not been a director of a listed company other than Ferrum in the last three years.

Matodzi Nesongozwi (*Age 34*)(*Non-Executive director*)

Mr Nesongozwi is a mining engineer by background and is Ferrum Crescent's South African partner in the Turquoise Moon Iron Project. In 2006 he founded Umthombo Resources (Pty) Ltd, which had been an 'idea' for a very long time. With the help of associates that he had made through his experience in the mining industry, Mr Nesongozwi has since led the company in its path to strategic growth. The company is involved in a coal mining joint venture with an established Turkish company, Sumo Coal (Pty) Ltd and has been able to establish itself as an emerging and growing figure in the mining industry when it secured prospecting rights on ten farms for coal in the Mpumalanga Province. Other than in the case of Ferrum, he has not been a director of a listed company in the last three years.

Klaus Borowski (*Age 70*)(*Non-Executive director*)

Mr Borowski is a metallurgical engineer by background, having studied in his home country of Germany. He first arrived in South Africa in 1966, where he was Technical Director of Dunsward Steel until 1979. After a short period in Europe within the steel industry, he returned to South Africa in 1982 and subsequently held several positions in the iron and steel industry in South Africa, including as Managing Director of Krupp South Africa and as Executive Director of IMS. In 1998, Mr Borowski formed Applied Metallurgical Technologies, and, amongst other things, he was on the steering committee of Saldhana Steel. Other than in the case of Ferrum, he has not been a director of a listed company in the last three years.

Fanie Botha (*Age 38*)(*Non-Executive director*)

Dr Fanie Botha is a water resource specialist, with more than 10 years' experience in the South African Government and private sectors. He has been involved in a number of bankable feasibility studies in the past few years and is also involved in implementation of various mining projects, mostly in South Africa. Other than in the case of Ferrum, he has not been a director of a listed company in the last three years.

Grant Button (*Age 48*)

Mr Button is a qualified accountant and has significant financial and other commercial management and transactional experience. Mr Button has 18 years' experience at a senior management level in the resources industry. He has acted as an Executive Director, Managing Director, Finance Director, CFO and Company Secretary of a range of publicly listed companies. He is also an Executive Director of Magnum Mining & Exploration Limited, Executive Director of Sylvania Resources Limited, Non-Executive Chairman of Realm Resources Limited and Non-Executive Chairman of Alamar Resources Limited. Otherwise, he has not been a director of a listed company in the last three years.

# Ferrum Crescent Limited

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## **Former directors who resigned during the year or since the end of the year:**

### **Mark Burchnall** *Age 34*

Mr Burchnall has graduated in 1999 from the Flinders University of South Australia before working as a lawyer with a number of prominent Australian law firms for approximately eight years. Most recently, he was employed as a Senior Associate with Clayton Utz in Perth where he worked for over four years in the corporate, energy and resources area, providing advice to a number of Australian and internationally listed clients, primarily with a natural resources focus in areas including capital raising, asset and share sales and acquisitions (with the associated due diligence enquires).

#### ***Other listed company directorships during the last 3 years:***

Bezant Resources plc (from 2006 to 2008) and Carlton Resources plc (from 2009 to 2010).

### **Gino D'Anna** *(Age 25)*

Mr D'Anna graduated from the University of Western Australia (UWA) in 2005 with a Bachelor of Commerce (Honours), completing a thesis on investor relations and information asymmetry in Australian financial markets. Mr D'Anna completed a scholarship in Applied Finance at UWA, which was subsequently published in the Asia Pacific Journal of Finance. In addition Mr D'Anna has completed a Graduate Diploma of Applied Finance and Investment with FINASIA.

Mr D'Anna has extensive experience in the financial markets of Perth and Australia as a whole, having been involved in the ASX listing of Total Staffing Solutions Ltd, Atom Energy Ltd, International Resource Holdings Ltd (formerly Balkans Gold Ltd) and Stonehenge Metals Ltd. Mr D'Anna has also been involved in the reconstruction, recapitalisation and secondary capital raisings of various public companies and brings a wealth of knowledge in private funding vehicles, property investments, private equity and debt markets, and has specialist understanding and experience in dealing with ASX Listing Rules and compliance requirements.

#### ***Other listed company directorships during the last 3 years:***

ZYL Limited (since May 2010).

### **Adrian Griffin** *(Age 57)*

#### ***Other listed company directorships during the last 3 years:***

Dwyka Diamonds Limited (Director December 2005 – August 2007); Empire Resources Limited (Director since February 2004); Hodges Resources Limited (Director August 2005 – December 2008); Reedy Lagoon Corporation Limited (Director May 2007 – November 2009); and Washington Resources Limited (Director September 2004 – December 2008). Mr Griffin was Technical Director of Ferrum Crescent Limited until 1 September 2010.

### **Richard Jarvis** *Age 37.*

#### ***Other listed company directorships during the last 3 years:***

Carlton Resources plc (from 2009 to 2010).

### **Philip Kirchlechner** *(Age 49)*

#### ***Other listed company directorships during the last 3 years:***

None.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

**Zola Skweyiya** (Age 68)

**Other listed company directorships during the last 3 years:**

None.

**Melissa Sturgess** Age 44.

**Other listed company directorships during the last 3 years:**

Nyota Minerals Ltd (since 2001), Bezant Resources plc (from 2006 to 2007), Carlton Resources plc (from 2009 to 2010) and Churchill Mining plc (from 2005 to 2007),

**Matthew Sutcliffe** Age 44.

**Other listed company directorships during the last 3 years:**

Alexander Mining plc (appointed March 2005), Energem Ltd (from 2007 to 2009), Kanyon plc (from 2006 to 2007), Grove Energy Ltd (from 2007 to 2007), First Africa Oil plc (from 2006 to 2007)

**Glenn Whiddon** Age 46

**Other listed company directorships during the last 3 years:**

Segue Resources Ltd (appointed October 2005), Statesman Resources Limited (appointed May 2004), Hemisphere Corporate Services Pty Ltd (appointed October 2009), Hemisphere Investment Partners Pty Ltd (appointed October 2009), Segue (Pardoo) Limited (appointed March 2008), Excelsior Gold Limited (appointed November 2009), Rialto Energy Limited (appointed July 2010), Resource Corporate Solutions Pty Ltd (appointed March 2008), North River Resources plc (from 2009 to 2009); Grove Energy Limited (from 1996 to 2007), OMEGA Corp Limited (from 2006 to 2007), OKLO Uranium Limited (from 2007 to 2007), UMC Energy plc (from 2007 to 2008) and Stream Oil and Gas Ltd (from 2007 to 2009).

## Company secretary

**Robert Hair** (Age 57)

Mr Hair is a lawyer with over 20 years' experience in the resources sector. He has held several roles in the MIM Group and smaller companies and has Australian and extensive international experience in legal, commercial, financial and organizational aspects of exploration, mining and processing operations. He currently consults to various companies in the resources and information technology sectors and is currently a non-executive director of ASX-listed Carpentaria Exploration Limited (ASX:CAP).

**Andrew Nealon** (Age 26)

Mr Nealon was appointed to the position of joint company secretary in March 2007. Mr Nealon has held similar roles with other mining and exploration companies.

**Robert Van Der Laan** (Age 45)

Mr Van Der Laan is an accountant with many years' experience in the management of financial and risk management systems for public companies. He is responsible to senior management and the Board for the Group's financial controls and management and financial reporting and all other aspects of the Group's financial function. He was appointed as a joint company secretary on 9 September 2010.

# Ferrum Crescent Limited

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## Directors' report (continued)

### Meeting of directors

Meetings of directors held and their attendance during the financial year were as follows:

Name of director:	Directors' meeting held whilst in office	Directors' meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Ed Nealon <sup>(i)</sup>	2	2	-	-
Scott Huntly <sup>(ii)</sup>	2	2	-	-
Matodzi Nesongozwi <sup>(iii)</sup>	2	1	-	-
Klaus Borowski <sup>(iv)</sup>	-	-	-	-
Fanie Botha <sup>(v)</sup>	-	-	-	-
Grant Button <sup>(vi)</sup>	-	-	-	-
Mark Burchnell <sup>(vii)</sup>	-	-	-	-
Gino D'Anna <sup>(viii)</sup>	2	2	1	1
Adrian Griffin <sup>(ix)</sup>	2	2	-	-
Richard Jarvis <sup>(x)</sup>	1	-	1	1
Philip Kirchlechner <sup>(xi)</sup>	2	2	-	-
Zola Skweyiya <sup>(xii)</sup>	1	-	-	-
Melissa Sturgess <sup>(xiii)</sup>	-	-	-	-
Matthew Sutcliffe <sup>(xiv)</sup>	2	1	-	-
Glenn Whiddon <sup>(xv)</sup>	2	2	-	-

- (i) Appointed 11 January 2010 and 9 March 2010 as Alternate Director to Mr Nesongozwi and Chairman and Non-Executive Director, respectively.
- (ii) Appointed 11 January 2010 and 9 March 2010 as Non Executive Director and Managing Director, respectively.
- (iii) Appointed 11 January 2010.
- (iv) Appointed 1 September 2010.
- (v) Appointed 28 July 2010.
- (vi) Appointed 15 June 2010 as Alternate Director to Mr Huntly.
- (vii) Resigned 19 August 2009.
- (viii) Appointed 28 August 2009, resigned 9 March 2010.
- (ix) Appointed 11 January 2010, resigned 1 September 2010.
- (x) Resigned 11 January 2010.
- (xi) Appointed 11 January 2010, resigned 3 June 2010.
- (xii) Appointed 11 January 2010, resigned 9 March 2010.
- (xiii) Resigned 19 August 2009.
- (xiv) Appointed 19 August 2009, resigned 9 March 2010.
- (xv) Appointed 19 August 2009, resigned 9 March 2010.

# Ferrum Crescent Limited

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## Directors' report (continued)

### Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company and the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, and includes executives of the Company and the Group.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

As detailed in Note 2(a) to the financial statements, on 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCL") completed the legal acquisition of Ferrum Metals Limited (formerly Ferrum Crescent Limited) ("FML"). Under the terms of AASB 3 Business Combinations (Revised), FML was deemed to be the accounting acquirer in the business combination. The transaction has therefore been accounted for as a reverse acquisition.

Accordingly, the consolidated financial statements of the FCL group have been prepared as a continuation of the business and operations of FML. FML, as the deemed acquirer, has accounted for the acquisition of the FCL from 30 November 2009. The comparative information from 5 December 2007 to 28 February 2009 presented in the consolidated financial statements is that of FML as presented in its last set of year end financial statements.

Disclosure of Group remuneration is for FCL. For FCL, the 2010 disclosure covers the period 1 July 2009 to 30 June 2010 and the 2009 disclosure covers the period 1 July 2008 to 30 June 2009.

### Details of Key Management Personnel

#### (i) Directors of Ferrum Crescent Limited during the financial period and up to the date of this report were:

Ed Nealon	Alternate Director, Chairman and Non-Executive Director ( <i>appointed 11 January 2010 and 9 March 2010, respectively</i> )
Scott Huntly	Non-Executive Director and Managing Director ( <i>appointed 11 January 2010 and 9 March 2010, respectively</i> )
Matodzi Nesongozwi	Non-Executive Director ( <i>appointed 11 January 2010</i> )
Klaus Borowski	Non-Executive Director ( <i>appointed 01 September 2010</i> )
Fanie Botha	Non-Executive Director ( <i>appointed 26 July 2010</i> )
Grant Button	Alternate Director ( <i>appointed 15 June 2010</i> )
Mark Burchnall	Managing Director ( <i>resigned 19 August 2009</i> )
Gino D'Anna	Executive Director ( <i>appointed 28 August 2009, resigned 9 March 2010</i> )
Adrian Griffin	Technical Director ( <i>appointed 11 January 2010, resigned 1 September 2010</i> )
Richard Jarvis	Executive Director ( <i>resigned 11 January 2010</i> )

# Ferrum Crescent Limited

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## Directors' report (continued)

Philip Kirchlechner	Non-Executive Director ( <i>appointed 11 January 2010, resigned 3 June 2010</i> )
Zola Skweyiya	Chair and Non-Executive Director ( <i>appointed 11 January 2010, resigned 9 March 2010</i> )
Melissa Sturgess	Chair and Non Executive Director ( <i>resigned 19 August 2009</i> )
Matt Sutcliffe	Non-Executive Director ( <i>appointed 19 August 2009, resigned 9 March 2010</i> )
Glenn Whiddon	Chair and Non-Executive Director ( <i>appointed 19 August 2009, resigned 9 March 2010</i> )

### (ii) Other Executives of the Ferrum Crescent Limited group

In respect of the current financial period, the following persons had authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly:

Lindsay Cahill	Mining Services Manager ( <i>appointed 9 April 2010</i> )
Robert Hair	Joint Company Secretary ( <i>appointed 11 January 2010</i> )
Andrew Nealon	Joint Company Secretary
Robert Van Der Laan	Chief Financial Officer ( <i>appointed 3 December 2009</i> )
Michael Langoulant	Joint Company Secretary ( <i>resigned 11 January 2010</i> )

In respect of the prior financial period, the following persons had authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly:

Philip Kirchlechner	Director of Ferrum Metals Ltd
Scott Huntly	Director of Ferrum Metals Ltd
Matodzi Nesongozwi	Director of Ferrum Metals Ltd
Henri Bonsma	Director of Ferrum Metals Ltd
Adrian Griffin	Director of Ferrum Metals Ltd
Robert Hair	Director of Ferrum Metals Ltd
Richard Webb	Company secretary of Ferrum Metals Ltd

### (iii) Other Executives of Ferrum Crescent Limited

In respect of the current financial period, the following persons had authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly:

Lindsay Cahill	Mining Services Manager ( <i>appointed 9 April 2010</i> )
Robert Hair	Joint Company Secretary ( <i>appointed 11 January 2010</i> )
Andrew Nealon	Joint Company Secretary
Robert Van Der Laan	Chief Financial Officer ( <i>appointed 3 December 2009</i> )
Michael Langoulant	Joint Company Secretary ( <i>resigned 11 January 2010</i> )

In respect of the prior financial period, the following persons had authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly:

Andrew Nealon	Joint Company Secretary
Michael Langoulant	Joint Company Secretary ( <i>resigned 11 January 2010</i> )

# Ferrum Crescent Limited

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## Directors' report (continued)

### Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Provide significant portions of executive remuneration "at risk" through participation in incentive plans.

Shares and options issued under the incentive plans provide an incentive to stay with the Company. At this time, shares and options issued do not have performance criteria attached. This policy is considered to be appropriate for the Company, having regard to the current state of its development.

The Company does not have a policy which precludes directors and executives from entering into contracts to hedge their exposure to options or shares granted to them as remuneration.

The Company also recognizes that, at this stage in its development, it is most economic to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the directors on the basis of their known management, geoscientific, engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its directors and executives, whether they are employees of or consultants to the Company.

### Remuneration Committee Responsibilities

For much of the year, the Company did not have a separately established Remuneration Committee. The Board considered that this function would be efficiently achieved with full Board support. Accordingly, the Board of directors was responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and the senior management team. A Remuneration Committee was established on 14 January 2010.

The Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

### Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

# Ferrum Crescent Limited

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## Directors' report (continued)

### Non-executive director remuneration

#### *Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

#### *Structure*

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the non-executive directors as agreed. The current aggregate limit of remuneration for non-executive directors is \$150,000.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non-executive directors is reviewed annually. The Board may consider advice from external consultants, as well as the fees paid to non-executive directors of comparable companies, when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the Company. No additional fee is paid for participating in Board Committees.

Non-executive directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The non-executive directors of the Company may also participate in the share and option plans as described in this report.

### Executive director and senior management remuneration

#### *Objective*

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

# Ferrum Crescent Limited

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## Directors' report (continued)

### *Structure*

At this time, the cash component of remuneration paid to Executive directors, the Company Secretaries and other senior managers is not dependent upon the satisfaction of performance conditions.

It is current policy that some executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.

Executive directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The Executive directors of the Company may also participate in the share and option plans as described in this report.

### *Performance table*

The following table details the net profit / (loss) of the Company from continuing operations after income tax, together with the basic earnings / (loss) per share since the incorporation of the parent::

	2010 \$	2009 \$
Net profit / (loss) from continuing operations after income tax	(7,404,546)	(4,971,394)
Basic earnings / (loss) per share in cents	(5.86)	(15.82)
Share Price in Cents	14	Unlisted

### *Agreements with Directors*

Mr Mark Burchnall was Managing Director of the Company and resigned on 11 August 2009. On resigning from his role as Managing Director, the agreement with the Company with respect to that role was simultaneously terminated and a termination payment, comprising half of his then current salary, was paid.

Mr Gino D'Anna was appointed as an executive director on 28 August 2009 and resigned on 9 March 2010. On resigning from his role as executive director, the agreement with the Company with respect to that role was simultaneously terminated.

Mr Richard Jarvis was an executive director of the Company until he resigned on 11 January 2010. On resigning from his role as executive director, the agreement with the Company with respect to that role was simultaneously terminated.

Mr Scott Huntly was appointed as Managing Director on 9 March 2010. Pursuant to an agreement dated 9 March 2010, his salary is set at ZAR 1,690,000 per annum. On current exchange rates, this would equate to approximately \$260,000.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

Mr Adrian Griffin was appointed as Technical Director on 9 March 2010 and resigned on 1 September 2010. On resigning from his role as Technical Director he received approximately \$60,000.

Mr Matodzi Nesongozwi was appointed as a non-executive director on 11 January 2010. In addition to the fees that he receives as a non-executive Director, Mr Nesongozwi receives a consultancy fee for services with respect to government relations and tenement administration.

### *Agreement with Company Secretary*

On 9 March 2010, the Company and a company associated with Mr Robert Hair entered into an agreement containing the terms and conditions under which the services of Company Secretary are provided to the Company.

The agreement involves the payment to the Company associated with Mr Hair of a monthly fee of \$14,000 (excluding GST) and reimbursement of expenses.

### *Agreement with Company Secretary*

On 1 December 2008, the Company and a company associated with Mr Andrew Nealon entered into an agreement containing the terms and conditions under which the services of Company Secretary are provided to the Company.

The agreement involves the payment to the Company associated with Mr Nealon of an annual fee of \$25,000 (increasing by reference to the consumer price index each year) and reimbursement of expenses.

### *Agreement with Chief Financial Officer*

Mr Robert Van Der Laan was appointed as Chief Financial Officer, effective on 3 December 2009 and as Company Secretary on 9 September 2010. His salary is set at \$150,000 per annum.

### *Agreement with Mining Services Manager*

On 9 April 2010, the Company and a company associated with Mr Lindsay Cahill entered into an agreement containing the terms and conditions under which the services of Mining Services Manager are provided to the Company.

The agreement involves the payment to the Company associated with Mr Cahill of an annual fee of \$145,000 (increasing by reference to the consumer price index each year) and reimbursement of expenses.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

### Consolidated Entity

#### Directors' Remuneration 2010

Directors	Short-term		Post-employment	Termination	Total
	Directors' Fees	Salary and Consulting fees	Superannuation Contribution	benefits	
	\$	\$	\$	\$	\$
Ed Nealon (i)	-	-	-	-	-
Scott Huntly (ii)	-	119,918	-	-	119,918
Matodzi Nesongozwi (iii)	36,000	-	-	-	36,000
Klaus Borowski (iv)	-	-	-	-	-
Fanie Botha (v)	-	-	-	-	-
Grant Button (vi)	-	-	-	-	-
Mark Burchnall (vii)	-	-	-	-	-
Gino D'Anna (viii)	-	23,091	-	-	23,091
Adrian Griffin (ix)	-	110,100	9,900	-	120,000
Richard Jarvis (x)	-	11,855	-	-	11,855
Philip Kirchlechner (xi)	20,000	-	-	-	20,000
Zola Skweyiya (xii)	-	-	-	-	-
Melissa Sturgess (xiii)	-	-	-	-	-
Matthew Sutcliffe (xiv)	-	12,709	-	-	12,709
Glenn Whiddon (xv)	-	19,243	-	-	19,243
	56,000	296,916	9,900	-	362,816

- (i) Appointed 11 January 2010 and 9 March 2010 as Alternate Director to Mr Nesongozwi and Chairman and Non Executive Director, respectively
- (ii) Appointed 11 January 2010 and 9 March 2010 as Non Executive Director and Managing Director, respectively
- (iii) Appointed 11 January 2010
- (iv) Appointed 1 September 2010
- (v) Appointed 28 July 2010
- (vi) Appointed 15 June 2010 as Alternate Director to Mr Huntly
- (vii) Resigned 19 August 2009
- (viii) Appointed 28 August 2009, resigned 9 March 2010
- (ix) Appointed 11 January 2010, resigned 1 September 2010
- (x) Resigned 11 January 2010
- (xi) Appointed 11 January 2010, resigned 3 June 2010
- (xii) Appointed 11 January 2010, resigned 9 March 2010
- (xiii) Resigned 19 August 2009
- (xiv) Appointed 19 August 2009, resigned 9 March 2010
- (xv) Appointed 19 August 2009, resigned 9 March 2010

No remuneration is performance related.

# Ferrum Crescent Limited

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## Directors' report (continued)

### Directors' Remuneration 2009

	Short-term		Post-employment benefits	Share based payment	Total
	Salary	Consulting Fees (i)	Superannuation Contribution	Shares and options	
<i>Non-executive</i>	\$	\$	\$	\$	\$
Philip Kirchlechner	15,000	10,000	-	-	25,000
Scott Huntly	-	30,000	-	-	30,000
Matodzi Nesongozwi	20,000	30,000	-	-	50,000
Henri Bonsma	-	25,000	-	-	25,000
 <i>Executive:</i>					
Adrian Griffin	-	101,064	6,936	-	108,000
Robert Hair	-	39,000	-	-	39,000
Richard Webb	-	31,398	1,463	-	32,861
	35,000	266,462	8,399	-	309,861

(i) Certain amounts of consulting fees were settled via the issue of shares.

No remuneration is performance related.

### Executives' Remuneration 2010

Executive	Short-term		Post-employment benefits	Share based payment	Total
	Salary	Consulting Fees	Superannuation Contribution	Shares and options	
	\$	\$	\$	\$	\$
Lindsay Cahill (i)	-	51,552	-	-	51,552
Robert Hair (ii)	-	78,000	-	-	78,000
Andrew Nealon	-	14,583	-	-	14,583
Robert Van Der Laan (iii)	81,421	-	7,337	-	88,758
Michael Langoulant (iv)	-	6,097	-	-	6,097
	81,421	150,232	7,337	-	238,990

- (i) Appointed 9 April 2010
- (ii) Appointed 11 January 2010
- (iii) Appointed 3 June 2010
- (iv) Resigned 11 January 2010

No remuneration is performance related.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

### Company

#### Directors' Remuneration 2010

Directors	Short-term		Post-employment	Termination	Total
	Directors' Fees	Salary and Consulting fees	Superannuation Contribution	benefits	
	\$	\$	\$	\$	\$
Ed Nealon (i)	-	-	-	-	-
Scott Huntly (ii)	-	110,306	-	-	110,306
Matodzi Nesongozwi (iii)	30,000	-	-	-	30,000
Klaus Borowski (iv)	-	-	-	-	-
Fanie Botha (v)	-	-	-	-	-
Grant Button (vi)	-	-	-	-	-
Mark Burchnall (vii)	-	10,416	6,562	70,937	87,915
Gino D'Anna (viii)	-	36,841	-	-	36,841
Adrian Griffin (ix)	-	110,100	9,900	-	120,000
Richard Jarvis (x)	-	108,104	-	-	108,104
Philip Kirchlechner (xi)	20,000	-	-	-	20,000
Zola Skweyiya (xii)	-	-	-	-	-
Melissa Sturgess (xiii)	2,000	6,000	1,260	83,000	92,260
Matthew Sutcliffe (xiv)	-	12,710	-	-	12,710
Glenn Whiddon (xv)	-	19,323	-	-	19,323
	52,000	413,800	17,722	153,937	637,459

- (i) Appointed 11 January 2010 and 9 March 2010 as Alternate Director to Mr Nesongozwi and Chairman and Non Executive Director, respectively
- (ii) Appointed 11 January 2010 and 9 March 2010 as Non Executive Director and Managing Director, respectively
- (iii) Appointed 11 January 2010
- (iv) Appointed 1 September 2010
- (v) Appointed 28 July 2010
- (vi) Appointed 15 June 2010 as Alternate Director to Mr Huntly
- (vii) Resigned 19 August 2009
- (viii) Appointed 28 August 2009, resigned 9 March 2010
- (ix) Appointed 11 January 2010, resigned 1 September 2010
- (x) Resigned 11 January 2010
- (xi) Appointed 11 January 2010, resigned 3 June 2010
- (xii) Appointed 11 January 2010, resigned 9 March 2010
- (xiii) Resigned 19 August 2009
- (xiv) Appointed 19 August 2009, resigned 9 March 2010
- (xv) Appointed 19 August 2009, resigned 9 March 2010

No remuneration is performance related.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

### Executives' Remuneration 2010

Executive	Short-term		Post-employment benefits	Share based payment	Total
	Salary	Consulting Fees	Superannuation Contribution	Shares and options	
	\$	\$	\$	\$	\$
Lindsay Cahill (i)	-	35,154	-	-	35,154
Robert Hair (ii)	-	70,000	-	-	70,000
Andrew Nealon	-	25,000	-	-	25,000
Robert Van Der Laan (iii)	81,421	-	7,337	-	88,758
Michael Langoulant (iv)	-	42,907	-	-	42,907
	81,421	173,061	7,337	-	261,819

- (i) Appointed 9 April 2010  
(ii) Appointed 11 January 2010  
(iii) Appointed 3 June 2010  
(iv) Resigned 11 January 2010

No remuneration is performance related.

### Directors' Remuneration 2009

Directors	Short-term		Post-employment benefits	Termination Benefits	Total
	Directors' Fees	Salary and Consulting fees	Superannuation Contribution		
	\$	\$	\$	\$	\$
Melissa Sturgess	24,000	48,000	2,160	-	74,160
Mark Burchnall	10,000	92,324	9,209	-	111,533
Richard Jarvis	-	60,000	-	-	60,000
Adrian Griffin	-	52,885	4,760	67,048	124,693
Robert Hair	-	28,000	-	-	28,000
Grant Button	10,000	25,000	900	-	35,900
Scott Huntly	6,000	-	-	-	6,000
	50,000	306,209	17,029	67,048	440,286

No remuneration is performance related.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

### Executives' Remuneration 2009

Executive	Short-term		Post-employment	Share based	Total
	Salary	Consulting Fees	benefits Superannuation Contribution	payment Shares and options	
	\$	\$	\$	\$	\$
Michael Langoulant	-	31,500	-	-	31,500
Andrew Nealon	-	25,000	-	-	25,000
	-	56,500	-	-	56,500

No remuneration is performance related.

### Incentive shares and options: Granted and vested during the year

#### Shares

No shares were issued as part of an incentive plan during the year ended 30 June 2010.

#### Options

No options were granted or vested as part of an incentive plan during the year ended 30 June 2010.

### **Shares and Options granted as part of remuneration**

#### Shares

No shares were issued as part of remuneration during the year ended 30 June 2010.

#### Options

No options were granted or vested as part of remuneration during the year ended 30 June 2010.

There were no alterations to the terms and conditions of options and shares granted as remuneration since their grant date.

There were no forfeitures of options during the period.

### **Shares under option**

At the date of this report there are no unlisted options over un-issued shares in the capital of the Company.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

### Shares issued on the exercise of options

No ordinary shares were issued following the exercise of options during the year ended 30 June 2010 or up until the date of signing this report.

### End of Remuneration Report

#### Insurance of officers

The Company has entered into deeds of access and indemnity with the officers of the Company, indemnifying them against liability incurred, including costs and expenses in successfully defending legal proceedings. The indemnity applies to a liability for costs and expenses incurred by the director or officer acting in their capacity as a director or officer.

Except in the case of a liability for legal costs and expenses, it does not extend to a liability that is:

- (a) owed to the Company or a related body corporate of the Company;
- (b) for a pecuniary penalty order under section 1317G or a compensation order under section 1317H or section 1317HA of the Corporations Act 2001; or
- (c) owed to someone other than the Company or a related body corporate of the Company where the liability did not arise out of conduct in good faith.

Similarly, the indemnity does not extend to liability for legal costs and expenses:

- (d) in defending proceedings in which the officer is found to have a liability described in paragraph (a), (b) or (c);
- (e) in proceedings successfully brought by the Australian Securities and Investments Commission or a liquidator; or
- (f) in connection with proceedings for relief under the Corporations Act 2001 in which the court denies the relief.

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and Officers. The terms of the contract prohibit the disclosure of the details of the insurance contract and premiums paid.

#### Non-audit services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the auditor, Ernst & Young (2008 Stanton), for audit and non-audit services provided during the year are set out below.

	2010	2009
	\$	\$
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial report	68,770	10,000
-other services	10,300	7,820
	<u>79,070</u>	<u>17,820</u>

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' report (continued)

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 76 and forms part of this report.

This report is made in accordance with a resolution of directors.



Ed Nealon  
Chairman  
Perth  
30 September 2010

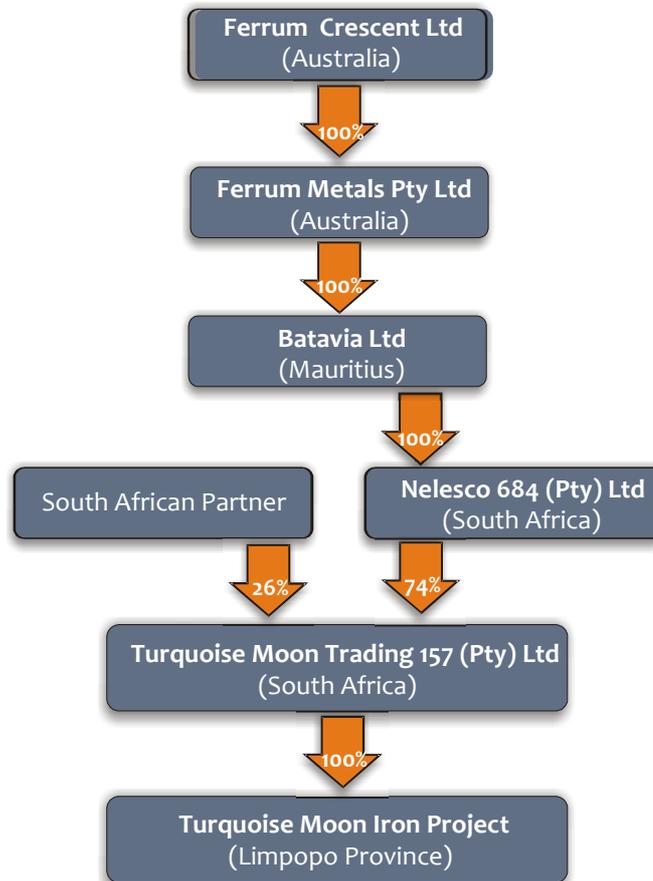
# Ferrum Crescent Limited

A.C.N. 097 532 137

## Review of operations and activities

### Corporate

Following is the Ferrum Crescent Limited corporate structure:



The Company was listed on the Australian Securities Exchange in November 2005, listing under the name Washington Resources Limited. In the first half of the financial year (completion occurring in December 2009), Ferrum Crescent Limited (then Washington Resources Limited) entered into a merger transaction with the company that was then named Ferrum Crescent Limited (but which is now Ferrum Metals Pty Ltd (“Ferrum Metals”), a wholly-owned subsidiary of the Company).

Ferrum Metals was incorporated on 5 December 2007. It established Batavia Ltd (“Batavia”) in Mauritius on 21 April 2008, and Batavia acquired all of the shares in Nelesco 684 (Pty) Ltd (“Nelesco”) under an agreement between Ferrum Metals and Richmond Resources Pty Ltd dated 24 April 2008. Nelesco then acquired a 74% interest in Turquoise Moon Trading 157 (Pty) Ltd (“Turquoise Moon”) pursuant to an agreement dated 30 April 2008 between Nelesco, Ferrum Metals and the Turquoise Moon vendors. Turquoise Moon holds the rights to the Turquoise Moon Iron Project (described below), which is the Company’s principal operational asset.

# **Ferrum Crescent Limited**

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## **Review of operations and activities (continued)**

The merger transaction with what is now Ferrum Metals Pty Ltd was approved by shareholders at the annual general meeting in November 2009 and resulted in a change of management and a focus on the Turquoise Moon Iron Project. Completion occurred in December 2009, and as a consequence the Company issued approximately 100 million shares and granted approximately 50 million options (exercisable at \$0.40 and expiring on 31 December 2013) to former security holders in Ferrum Metals Pty Ltd.

During the first half of the financial year, the Company carried out a fully underwritten, renounceable rights issue under which shareholders were able to apply for 9 options (exercisable at \$0.40 and expiring on 31 December 2013) for every 10 shares held on the record date. Approximately 50 million options were granted as a consequence of this rights issue.

The Company in January 2010 announced the completion of private placements by which it raised \$2 million (before the expenses of the raising) by the issue of 20 million shares at \$0.10 per share.

The Company on 19 May 2010 announced that it would seek shareholder approval for the cancellation of listed options. An offer was made to listed option holders (subject to shareholder approval) for the issue to them of one ordinary share for the cancellation of every ten listed options held by them, and a prospectus was lodged with the Australian Securities and Investments Commission and sent to option holders. A general meeting of shareholders was held on 21 June 2010, and approval was obtained for such cancellation and offer. As a result, approximately 80 million listed options were cancelled and 8 million shares issued after the end of the financial year.

## **Operational**

### **Turquoise Moon Iron Project**

The Company's operational focus is the Turquoise Moon Iron Project in Limpopo Province in the Republic of South Africa ("the Project"), which hosts iron ore occurrences that are magnetite bearing banded iron formations ("BIF") that have undergone varying intensities of metamorphic alteration. The BIFs are of Archaean age and located in and adjacent to the Limpopo Mobile Belt ("LMB") in the Limpopo Province, some 350 km north-east of Johannesburg.

During the recent global rush for iron-ore resources, South Africa, a relatively underdeveloped market, which was dominated historically by Iscor (Kumba) and now by Arcelor Mittal, was largely overlooked, prompting the Company to identify and pursue opportunities in South Africa.

The Project consists of two separate occurrences of magnetite iron mineralization, the Moonlight Deposit and the De Loskop prospect. Both are situated in Limpopo Province.

The Moonlight Deposit is located on the farms Moonlight, Gouda Fontein and Julietta. The South African Iron and Steel Corporation ("Iskor"), which explored the Moonlight Deposit in the 1980s and '90s, reported 470 million tonnes ('Mt') of magnetite mineralization with a grade of around 36% iron, 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. Indeed, the beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

# Ferrum Crescent Limited

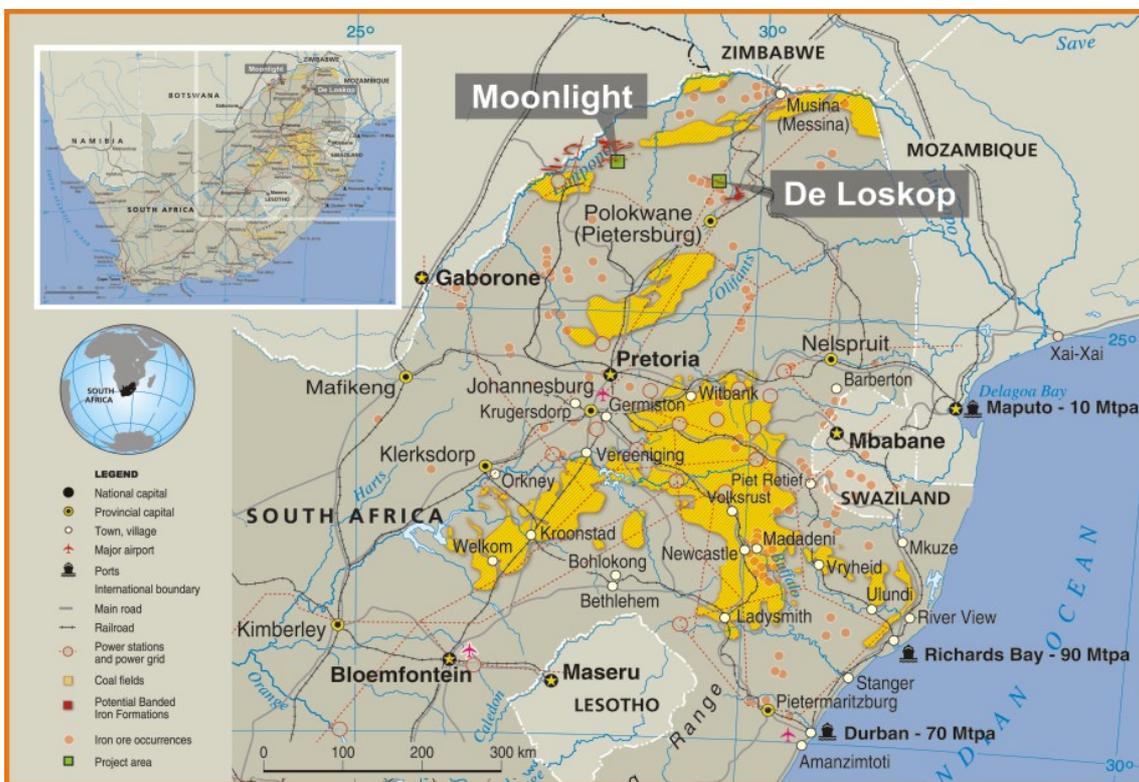
A.C.N. 097 532 137

## Review of operations and activities (continued)

Metallurgical tests of Moonlight material, undertaken by the Company, suggest that Iscor's results are conservative, that good metal recoveries can be achieved, and that the resulting concentrates contain more than 70% iron and only negligible impurities, at grind sizes considered to be the industry standard (P80 of 75 microns).

The Moonlight Deposit is located within the Central Zone of the LMB, which is characterized by high grade regional metamorphism and intense deformation. High grade metamorphism has caused recrystallization of the originally fine grained BIF, producing a course grained magnetite-quartz rock with excellent beneficiation and metallurgical characteristics.

The Project comprises two separate magnetite iron ore prospects; namely, the Moonlight Deposit and the De Loskop prospect (see map below).



The Moonlight Deposit, the focus of the Company's recent and current geological, engineering and metallurgical studies, is situated in South Africa's Limpopo Province, which borders Mozambique, Botswana and Zimbabwe and has adequate transport infrastructure. It is located 360 km north of Johannesburg, 845 km by road and rail from the port of Maputo and 1,065 km from the port of Richards Bay.

In view of the distance of both the Project and raw materials from these ports, production of a value-added product, such as pig iron, appears the most cost-effective means of exploiting the resource. Therefore, a Project scale of 1 Mt per annum ('Mtpa') of merchant pig iron production is being considered as a base case (scoping / pre-feasibility complete). This is not to say that alternative products and markets will not be considered, either in conjunction with or as an alternative to the production of pig iron.

# Ferrum Crescent Limited

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## Review of operations and activities (continued)

Moonlight is a metamorphosed banded iron formation with an average iron content in the region of 36%. The iron occurs mainly in coarse-grained magnetite. Commonly, magnetite at and near the surface is oxidized to hematite, goethite and limonite. However, oxidation of the magnetite decreases rapidly with depth, so the iron minerals are highly magnetic within a few metres of the surface and easily separated from gangue.

To liberate the iron minerals from the host rock, the ores must be milled, and beneficiation may be achieved via a series of magnetic separation processes. Concentrates of exceptionally good quality, containing more than 70% iron and with very low contaminant levels, can be produced. With iron recoveries approaching 90%, the metallurgical characteristics are excellent for this type of iron-ore deposit.

The Company can access all the raw materials necessary for pig-iron or pellet production for the Project locally. Good-quality bituminous and coking coal can be sourced from mines operating close to the Project and will also be available from other coal projects due to be developed in South Africa, and in neighbouring Botswana. In addition, substantial coal-bed methane resources within 100km of the Project, in north-eastern Botswana, are another ideally situated energy source.

The Project will be self-sufficient in its flux requirements, as the Moonlight Deposit is surrounded by marble (metamorphosed limestone).

Importantly for the Project, South Africa boasts mature and efficient road and rail systems. Transnet, the local rail authority, plans to invest substantial amounts in the near term to upgrade and maintain its rail network and rolling stock. Also relevant to the transport of product, there is a main arterial road within 10 kilometres of the Moonlight Project and a railway line within 160 kilometres of it. Product can therefore be sent by road to an intermediate storage facility before being transported by rail to the ports of Maputo or Richards Bay for export.

Based on the Project's scale and location, as well as access to raw materials and energy sources, the Company has selected what are considered the most appropriate metallurgical processes to maximize the resource. The Project will co-generate power, with additional internal base-load generation, and thus be self-sufficient in terms of energy use. The system will provide enough power for both the magnetite concentrator and iron-making facilities.

Operating and capital cost estimates for production of 1 Mtpa of pig iron are summarized in the table below:

<b>Order of magnitude costs</b>	<b>(Million US\$)</b>
Cash operating costs per tonne of pig iron produced (FOB Maputo)	227 (2010)
Capital cost (mid-range capital cost of a number of flow sheets being investigated)	770 (2010)

Current market price for pig iron is in the order of US\$500 per tonne.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Review of operations and activities (continued)

### The Company's Progress to Date

Expenditure to date (in excess of AU\$3.0 million) has not only significantly advanced the Company's technical knowledge of the Project but has also enhanced its corporate and legal status.

The Company's progress has involved the following.

- Acquisition of 74% of the Turquoise Moon Project, ratified by South Africa's Department of Mineral Resources. The Company's South African partner, who has extensive experience and expertise in the local mining industry, holds the remaining 26%.
- Significant advances in its understanding of the Moonlight Deposit, including:
  - acquisition of Iscor data covering 11,000 metres of diamond-core drilling and 10,000 metres of percussion drilling within the farm Moonlight;
  - site surveys to confirm historical Iscor drillhole coordinates;
  - auditing of the Iscor database, checking of resource calculations and verification of Iscor's results;
  - assaying of current drill samples;
  - metallurgical testing (preliminary) comprising optimum grind size, Bond Work Index and the development of a Davis Tube method for the mineralization. Testwork conducted to date has yielded exceptionally good results, with silica levels in concentrate lower than 5% at a very coarse grind size (P80 of 220 microns);
  - the grind size suggests the ore will be more amenable to mining, crushing and milling, and the magnetite easier to recover, than comparable global magnetite deposits, leading to greater returns at a lower cost (see table below):

#### Recovery at a grind of 80% passing 220 micron (whole orebody)

Feed grade (% iron)	Recovery (%)	Concentrate grade (% iron)
35.0	88.86	68.08

- an independent engineering study of on-site pig-iron production as a base case, which has confirmed the potential viability of same;
- completion of detailed scoping study - submission of Mining Right Application to the relevant South African government department.
- A geological review of the De Loskop prospect indicates that it contains an exploration target\* of between 200 and 1,000 Mt of iron-ore mineralization at a grade of 30 to 40% iron.
- Development of relationships with technology providers, in order to streamline the feasibility process and fast track development of the Project.
- Access agreements have been completed with all relevant landholders in respect of the Moonlight Deposit. These agreements also include options to purchase the surface rights at a price determined by an agreed mechanism.

\*(Note: references to resources and exploration targets are from an internal FERRUM report prepared in 2009 by the Company's independent geologist, Continental Resource Management Pty Ltd).

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Review of operations and activities (continued)

### The Future

The Company will continue with its evaluation of the Project, in order to advance it towards commercial production. This will involve raising enough funds to complete a definitive feasibility study, to take the Company to a point where it has committed to the optimal production and marketing scenario and to finalize its regulatory, financing and final design processes.

The planned programme is to be financed and implemented in discrete stages and will include the following:

- continuous upgrading of the current JORC resource estimate;
- obtaining the database for the Julietta property, which has the potential to increase the resource base by approximately 150 Mt;
- conducting more metallurgical testwork, to set the final process parameters;
- carrying out a social and labour plan whereby the benefits to local stakeholders are optimized;
- carrying out all relevant environmental studies in respect of the Project and its activities;
- establishing alliances to secure technology supply agreements;
- forming a strategic alliance with an existing steel producer;
- establishing contractual relations with potential purchasers of product;
- finalizing processing plant design and location;
- identifying and preparing for all necessary permitting for the Project;
- expanding the exploration base to dominate iron ore positions in the Limpopo Province, South Africa; and
- identifying optimal sources of finance for the Project.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Directors' declaration

In the opinion of the directors of Ferrum Crescent Limited :

- (a) the financial statements and notes set out on pages 35 to 73 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2010 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (b); and
- (c) subject to the matters disclosed in Note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2010.

This declaration is made in accordance with a resolution of the directors.



Ed Nealon  
Chairman  
Perth  
30 September 2010

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Consolidated Statement of Comprehensive Income For the period 1 March 2009 to 30 June 2010

	Note	2010 \$	For the period 5 December 2007 to 28 February 2009 \$
Revenue	3(a)	15,960	-
Other income	3(b)	5,378	193,941-
<b>Revenue and other income</b>		<b>21,338</b>	<b>193,941</b>
Administration expenses	3(c)	(2,923,554)	(635,503)
Occupancy expenses		(106,055)	-
Exploration expenditure written off		(684,285)	(649,254)
Foreign exchange gain/(loss)		(118,821)	567,730
Goodwill on consolidation written off	19	(2,019,188)	(4,448,308)
Impairment of available for sale investments		(1,573,981)	-
<b>Loss from continuing operations before income tax</b>		<b>(7,404,546)</b>	<b>(4,971,394)</b>
Income tax benefit / (expense)	5	-	-
<b>Net loss from continuing operations after income tax</b>		<b>(7,404,546)</b>	<b>(4,971,394)</b>
<b>Other Comprehensive Income</b>			
Foreign currency translation gain		26,235	83,220
Total Comprehensive Loss for the period		(7,378,311)	(4,888,174)
<b>Loss per share attributable to the ordinary equity holders of the Company:</b>			
	8	<b>Cents</b>	<b>Cents</b>
Basic loss per share		5.86	15.82
Diluted loss per share		5.86	15.82

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Consolidated Statement of Financial Position As at 30 June 2010

		2010	28 February 2009
	Note	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	529,225	50,563
Receivables	10	141,790	2,246
Available-for-sale investments	11	909,678	-
Prepayments		-	20,000
<b>Total current assets</b>		<b>1,580,693</b>	<b>72,809</b>
<b>Non-current assets</b>			
Plant and equipment	12	7,578	2,367
<b>Total non-current assets</b>		<b>7,578</b>	<b>2,367</b>
<b>Total assets</b>		<b>1,588,271</b>	<b>75,176</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	550,024	53,777
Provisions	14	10,474	10,636
Unsecured Loan		11,246	375,000
<b>Total current liabilities</b>		<b>571,744</b>	<b>439,413</b>
<b>Total liabilities</b>		<b>571,744</b>	<b>439,413</b>
<b>Net assets / (Liabilities)</b>		<b>1,016,527</b>	<b>(364,237)</b>
<b>Equity / (Shareholders' Deficit)</b>			
Contributed equity	15	12,146,950	3,387,875
Accumulated losses	17	(12,375,940)	(4,971,394)
Reserves	18	1,245,517	1,219,282
<b>Total equity / Shareholders' deficit</b>		<b>1,016,527</b>	<b>(364,237)</b>

*This Statement of Financial Position is to be read in conjunction with the accompanying notes.*

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Consolidated Statement of Cash Flows For the period 1 March 2009 to 30 June 2010

		For the period from 5 December 2007 to 28 February 2009
	2010	
Note	\$	\$
<b>Cash flows from operating activities</b>		
Receipt of interest	15,960	-
Payments to suppliers and employees	(2,936,672)	(1,242,381)
Net cash flows used in operating activities	23 (2,920,712)	(1,242,381)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(12,122)	(2,576)
Proceeds from disposal of available for sale investments	389,855	-
Cash acquired on acquisition of Ferrum Crescent Ltd	19 877,942	-
Borrowing received	-	420,000
Advances/repayments	-	5,520
Net cash flows (used in) / provided by investing activities	1,255,675	422,944
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	2,260,098	870,000
Receipts from unsecured loans	11,246	-
Costs associated with issue of shares	(127,645)	-
Net cash flows provided by financing activities	2,143,699	870,000
Net increase (decrease) in cash and cash equivalents held	478,662	50,563
Cash and cash equivalents at the beginning of the period	50,563	-
<b>Cash and cash equivalents at the end of the period</b>	9 <b>529,225</b>	<b>50,563</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Consolidated Statement of Changes in Equity For the period 1 March 2009 to 30 June 2010

	Issued capital \$	Accumulated losses \$	Option reserve \$	Translation reserve \$	Total equity \$
<b>Balance as at 5 December 2007</b>	-	-	-	-	-
Loss for the period	-	(4,971,394)	-	-	(4,971,394)
Other Comprehensive Income	-	-	-	83,220	83,220
<b>Total Comprehensive Income for the period</b>	-	(4,971,394)	-	83,220	(4,888,174)
Transactions with owners in their capacity as owners:					
Issue of share capital	3,547,875	-	-	-	3,347,875
Transaction costs on shares issued	(160,000)	-	-	-	(160,000)
Issue of share options	-	-	1,136,062	-	1,136,062
<b>At 28 February 2009</b>	<b>3,387,875</b>	<b>(4,971,394)</b>	<b>1,136,062</b>	<b>83,220</b>	<b>(364,237)</b>
Loss for the period	-	(7,404,546)	-	-	(7,404,546)
Other Comprehensive Income	-	-	-	26,235	26,235
<b>Total income (expense) for the period recognized directly in equity</b>	-	<b>(7,404,546)</b>	-	26,235	<b>(7,378,311)</b>
Transactions with owners in their capacity as owners:					
Shares issued	8,940,886	-	-	-	8,940,886
Transaction costs on shares issued	(181,812)	-	-	-	(181,812)
<b>Total Comprehensive income for the period</b>	-	-	-	-	-
<b>At 30 June 2010</b>	<b>12,146,950</b>	<b>(12,375,940)</b>	<b>1,136,062</b>	<b>109,455</b>	<b>1,016,527</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes*

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Notes to the financial statements

### Note 1: Corporate information

The financial report of Ferrum Crescent Limited ("Ferrum" or "the Company") for the period 1 March 2009 to 30 June 2010 was authorized for issue in accordance with a resolution of the directors on 30 September 2010.

The Company is limited by shares and incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

### Note 2: Summary of significant accounting policies

#### (a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on an accruals basis and on the basis of historical costs except for available-for-sale and held-for-trading investments which have been measured at fair value.

The financial report is presented in Australian dollars.

On 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCL") completed the legal acquisition of Ferrum Metals Limited (formerly Ferrum Crescent Limited) ("FML"). Under the terms of AASB 3 Business Combinations (Revised), FML was deemed to be the accounting acquirer in the business combination. The transaction has therefore been accounted for as a reverse acquisition.

Accordingly, the consolidated financial statements of the FCL group have been prepared as a continuation of the business and operations of FML. FML, as the deemed acquirer, has accounted for the acquisition of the FCL from 30 November 2009. The comparative information from 5 December 2007 to 28 February 2009 presented in the consolidated financial statements is that of FML as presented in its last set of year end financial statements. Refer to Note 19 for further details of the business combination.

The financial year end of FML is 28 February. The last audited accounts of FML were 28 February 2009. The financial year end of FCL is 30 June. The last audited accounts of FCL, as lodged with the Australian Stock Exchange, were 30 June 2009.

These annual financial statements represent the accounting period from the last year end of FML, 28 February 2009, to 30 June 2010.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Note 2: Summary of significant accounting policies (continued)

The implications of the application of AASB 3 on each of the attached financial statements are as follows:

### *Statement of Comprehensive Income*

- The 2010 Statement of Comprehensive Income comprises 16 months of FML and 7 month of FCL to 30 June 2010.
- The 2009 Statement of Comprehensive Income comprises 15 months of FML from 5 December 2007 to 28 February 2009.

### *Statement of Financial Position*

- The 2010 Statement of Financial Position as at 30 June 2010 represents the combination of FCL and FML.
- The 2009 Statement of Financial Position represents FML as at 28 February 2009.

### *Statement of Changes in Equity*

- The 2010 Statement of Changes in Equity comprises:
  - The equity balance of FML at the beginning of the period (1 March 2009).
  - The total comprehensive income for the period and transactions with equity holders, being 16 months of FML and 7 months of FCL, ended 30 June 2010.
  - The equity balance of the combined FML and FCL at the end of the period (30 June 2010).
- The 2009 Statement of Changes in Equity comprises 15 months of FML from 5 December 2007 to 28 February 2009.

### *Statement of Cash flows*

- The 2010 Statement of cash flows comprises:
  - The cash balance of FML at the beginning of the period (1 March 2009).
  - The transactions for the period, being 16 months of FML and 7 month of FCL, ended 30 June 2010.
  - The cash balance of the combined FML and FCL at the end of the period (30 June 2010).
- The 2009 Statement of Cash Flows comprises 15 months of FML from 5 December 2007 to 28 February 2009.

## **(b) Inherent uncertainty regarding going concern**

The financial report has been prepared on the basis that the consolidated entity will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the year ended 30 June 2010, the consolidated entity incurred a net loss of \$7,404,545 (2009: \$4,971,394), a net cash outflow from operations \$\$2,920,712 (2009: \$1,242,381) and as at 30 June 2010 the consolidated entity has net current assets of \$1,008,947. The consolidated entity has identified that in order to meets its future exploration and operation expenditures it will be required to raise debt or equity.

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Note 2: Summary of significant accounting policies (continued)

Subsequent to year end, the group has issued 10,000,000 Shares at 12 cents per share to raise \$1,070,097 after costs and has disposed of its shareholding in Northern Uranium Ltd for approx \$1,800,000. Currently the directors are in the process of undertaking a fund raising in conjunction with a listing on the London Stock Exchange's AIM Market.

The directors believe that at the date of signing the financial report there are reasonable grounds to believe that having regard to matters set out above, the consolidated entity will be able to raise sufficient funds to meet its obligations as and when they fall due.

Should the consolidated entity not raise additional finance as set out above there is significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at amount stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

### (c) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### (d) New accounting standards and interpretations

#### (i) Changes in accounting policy and disclosures:

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2009.

- AASB 8 Operating Segments: Disclosure effective 1 January 2009
- AASB 7 Financial Instruments: Disclosures effective 1 January 2009
- AASB 101 (Revised) Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards effective 1 January 2009
- AASB 2008-5 and AASB 2008-6 Annual Improvement Plan effective 1 January 2009
- AASB 123 (Revised) and AASB 2007-6 Borrowing cost and consequential amendments to other Australian Accounting Standards effective 1 January 2009
- AASB 3 (Revised) Business Combination effective 1 July 2009
- AASB 127 (Revised) Consolidated and Separate Financial Statements effective 1 July 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the group, its impact is described below:

# Ferrum Crescent Limited

A.C.N. 097 532 137

## Note 2: Summary of significant accounting policies

### **AASB 8 Operating Segments: Disclosures**

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in notes to this financial report.

### **AASB 7 Financial Instruments: Disclosures**

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 24.

### **AASB 101 (Revised) Presentation of Financial Statements**

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The group has elected to present two statements.

### **AASB 3 (Revised) Business Combination**

The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.

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## Note 2: Summary of significant accounting policies (continued)

### AASB 127 (Revised) Consolidated and Separate Financial Statements

Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.

The adoption of the amendments resulted in no changes to accounting policies and did not have any impact on the financial position or performance of the group.

- (ii) The following Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ending 30 June 2010:

Reference	Title	Summary	Application Date of the Standard	Impact on Group Financial Report	Application Date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project  [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following:</p> <p>The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined.</p> <p>The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.</p>	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2010

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<p>AASB 2009-5 (con't)</p>	<p>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</p> <p>[AASB 5, 8, 101, 107, 117, 118, 136 &amp; 139]</p>	<p>The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.</p> <p>The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity:</p> <ul style="list-style-type: none"> <li>▶ has primary responsibility for providing the goods or service;</li> <li>▶ has inventory risk;</li> <li>▶ has discretion in establishing prices;</li> <li>▶ bears the credit risk.</li> </ul> <p>The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes.</p> <p>The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.</p> <p>The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.</p>			
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AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	<p>This Standard makes amendments to Australian Accounting Standard AASB 2 <i>Share-based Payment</i> and supersedes Interpretation 8 <i>Scope of AASB 2</i> and Interpretation 11 <i>AASB 2 – Group and Treasury Share Transactions</i>.</p> <p>The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.</p> <p>The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p>	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010
AASB 2009-9	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> .	<p>The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.</p> <p>Specifically, the amendments:</p> <ul style="list-style-type: none"> <li>▶ exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets</li> <li>▶ exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 <i>Determining whether an Arrangement contains a Lease</i> when the application of their national accounting requirements produced the same result.</li> </ul>	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2013

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AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2011
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:  two categories for financial assets being amortised cost or fair value  removal of the requirement to separate embedded derivatives in financial assets  strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows	1 January 2013	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2013

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AASB 2009-11 (cont)	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<ul style="list-style-type: none"> <li>▶ an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition</li> <li>▶ reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes</li> <li>▶ changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income</li> </ul>			
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	<p>This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.</p> <p>The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)</p>	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2011

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Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	<p>This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.</p> <p>The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.</p>	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 January 2011
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	<p>Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value.</p> <p>Requires an entity (in a business combination) to account for the replacement of the acquiree’s share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.</p> <p>Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.</p>	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2010

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AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	<p>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in AASB 134 for <b>significant events and transactions</b></p> <p>Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p>	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2011
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## (e) Exploration and evaluation expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

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## Note 2: Summary of significant accounting policies (continued)

### (f) Plant & equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 15 years

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### *Derecognition*

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognized.

### (g) Income tax

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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## Note 2: Summary of significant accounting policies (continued)

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

### (h) GST/VAT

Revenues, expenses and assets are recognized net of the amount of GST/VAT except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

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## Note 2: Summary of significant accounting policies (continued)

### (i) Provisions and employee benefits

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognized in finance costs.

#### *Employee leave benefits*

##### i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognized in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

##### ii. Long service leave

The liability for long service leave is recognized and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### (j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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## Note 2: Summary of significant accounting policies (continued)

### (k) Receivables

Receivables, which generally have 30-90 day terms, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectibles or receivables are reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

### (l) Revenue recognition

Revenue is recognized and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Interest Revenue*

Revenue is recognized as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### (m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (n) Trade and other payables

Trade payables and other payables are carried at amortized costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

### (o) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company adjusted for:

- costs of servicing equity (other than dividends),
  - the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and
  - other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

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## Note 2: Summary of significant accounting policies (continued)

### (p) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

#### *(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in profit or loss.

#### *(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss when the investment are derecognized or impaired, as well as through the amortisation process.

#### *(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

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## **Note 2: Summary of significant accounting policies (continued)**

### *(iv) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognized in profit and loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

### **(q) Impairment of financial assets**

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired.

#### *Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognized in profit. Reversals of impairment losses for debt instruments are reversed through profit and loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### **(r) Interest in joint ventures**

The Company has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves the use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognizes its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Company also recognizes the expenses that it incurs and its share of the income that it earns from the sale of goods and services by the jointly controlled operation.

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## Note 2: Summary of significant accounting policies (continued)

### (s) Share-based payment transactions

The Company provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- the Employee Share Option Plan, which provides benefits to directors, employees and consultants; and
- the Employee Share Loan Plan, which provides benefits to directors, employees and consultants.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model, further details of which are given in note 21.

In valuing equity-settled transactions, no account is taken to any vesting conditions, other than conditions linked to the price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity on the date the equity right is granted.

If the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share based arrangement, or is otherwise beneficial to the employee, as measured at the date of modification

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 8).

### (t) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### *Share-based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, with the assumptions detailed in note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

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## **Note 2: Summary of significant accounting policies (continued)**

### *Impairment of capitalized exploration and evaluation expenditure*

The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalized if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalized expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

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## Note 3: Revenue and expenses

### Revenue and Expenses from Continuing Operations

	2010	2009
Note	\$	\$
<b>(a) Revenue</b>		
Finance revenue:		
Interest received	15,960	-
<b>(b) Other income</b>		
Profit on sale of available-for-sale investments	5,378	-
Gain on settlement of debt	-	193,941
	5,378	193,941
<b>(c) profit and loss</b>		
Administrative expenses include the following expenses:		
Depreciation	6,911	-
Bad debt expenses	23,440	-
Consulting services	1,577,211	243,923
Employment related	259,148	-
Corporate	515,231	391,580
Other	541,613	-
	2,923,554	635,503

## Note 4: Segment information

### Identification of Reportable Segments

The Consolidated Entity has based its operating segment on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The Consolidated Entity currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis.

Based on this criteria the Consolidated Entity has only one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in note 2 for the computation of the Consolidated Entity's results presented in this set of financial statements.

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**Note 5: Income tax**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of income tax expense/(income) to the pre-tax net loss		
Loss before income tax	(7,404,545)	(4,971,394)
Income tax calculated at 30% on loss before income tax	(2,221,363)	(1,491,418)
Add tax effect of: non-deductible expenses	174,303	1,133,375
Capital losses	499,734	-
Unused tax losses and temporary differences not recognised	1,547,326	358,043
Income tax expense/(income)	-	-

**Unrecognised deferred tax balances**

*Deferred tax liabilities*

Assessable temporary differences		
Plant & Equipment	(756)	(710)
Deferred tax liabilities offset by deferred tax assets	756	710
Net deferred tax liabilities	-	-

*Deferred tax assets*

Accrued expenses	9,000	-
Provisions	3,142	-
Capital raising costs	57,600	38,400
Unused tax losses	2,278,910	358,933
Total unrecognised deferred tax assets	(2,347,896)	(396,623)
Deferred tax assets offset by deferred tax liabilities	756	710
Net deferred tax assets	-	-

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## Note 6: Directors' and executives' remuneration

### (a) Compensation of Key Management Personnel

	2010	2009
	\$	\$
Short-term employee benefits	584,560	186,025
Post-employment benefits	17,237	8,399
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	115,397
	601,797	309,861

### (b) Shareholdings

Number of shares held by directors

#### 2010

Directors	Balance 1-March-09	Received as Remuneration	On Exercise of Options	Net Change Other (i)	Balance 30-Jun-10
Ed Nealon (ii)	-	-	-	500,000	500,000
Scott Huntly	250,000	-	-	4,197,007	4,447,007
Matodzi Nesongozwi (iii)	13,250,000	-	-	3,902,142	17,152,142
Grant Button (iv)	-	-	-	900,000	900,000
Mark Burchnall	-	-	-	500,000	500,000
Gino D'Anna	-	-	-	-	-
Adrian Griffin	956,203	-	-	3,622,933	4,579,136
Richard Jarvis	-	-	-	250,000	250,000
Philip Kirchlechner	1,183,333	-	-	551,297	1,734,630
Zola Skweyiya	-	-	-	1,200,000	1,200,000
Melissa Sturgess	-	-	-	512,600	512,600
Matthew Sutcliffe	-	-	-	-	-
Glenn Whiddon	-	-	-	-	-

(i) Net change other includes:

- the conversion of Ferrum Metal Shares to Ferrum Crescent Shares at the ratio of 10 for 12
- acquisitions and disposals on market
- existing Ferrum Crescent (Washington Resources) shares at date of business combination
- issue in settlement of fees
- subscribed in share issue

(ii) Balance of 545,000 as at the date of this report

(iii) Balance of 0 as at the date of this report

(iv) Balance of 936,000 as at the date of this report

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## Note 6: Directors' and executives' remuneration (continued)

### 2009

Directors	Balance 5-Dec-07	Received as Remuneration	On Exercise of Options	Net Change Other (i)	Balance 28-Feb-09
Philip Kirchlechner	-	-	-	1,183,333	1,183,333
Matodzi Nesongozwi	-	-	-	13,250,000	13,250,000
Henri Bonsma	-	-	-	13,208,333	13,208,333
Adrian Griffin	1	-	-	956,202	956,203
Robert Hair	-	-	-	2,187,500	2,187,500
Scott Huntly	-	-	-	250,000	250,000

- (i) Net change other includes:
- received on sale of company to consolidated group
  - issue in settlement of fees
  - subscribed in share issue

Number of options held by directors

### 2010

Directors	Balance 1-March-09	Received as Remuneration	Options Expired	Net Change Other (i)	Balance 30-Jun-10
Ed Nealon (ii)	-	-	-	450,000	450,000
Scott Huntly	-	-	(400,000)	400,000	-
Matodzi Nesongozwi (iii)	12,500,000	-	-	(400,000)	12,100,000
Grant Button (iv)	-	-	-	360,000	360,000
Mark Burchnall	-	-	-	-	-
Gino D'Anna	-	-	-	-	-
Adrian Griffin	-	-	-	995,038	995,038
Richard Jarvis	-	-	-	-	-
Philip Kirchlechner	-	-	-	-	-
Zola Skweyiya	-	-	-	-	-
Melissa Sturgess	-	-	-	11,340	11,340
Matthew Sutcliffe	-	-	-	-	-
Glenn Whiddon	-	-	-	-	-

- (i) Net change other includes:
- subscription for options
  - sales/transfers
- (ii) Balance of 0 as at the date of this report
- (iii) Balance of 0 as at the date of this report
- (iv) Balance of 0 as at the date of this report

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## Note 6: Directors' and executives' remuneration (continued)

### 2009

<b>Directors</b>	<b>Balance 5-Dec-07</b>	<b>Received as Remuneration</b>	<b>Options Expired</b>	<b>Net Change Other (i)</b>	<b>Balance 28-Feb-09</b>
Philip Kirchlechner	-	-	-	-	-
Matodzi Nesongozwi	-	-	-	12,500,00	-
Henri Bonsma	-	-	-	-	-
Adrian Griffin	-	-	-	-	-
Robert Hair	-	-	-	-	-
Scott Huntly	-	-	-	-	-

(i) Net change other includes options received on sale of company to consolidated group

Number of employee shares (with non-recourse loans) held by directors:

### 2010

<b>Directors</b>	<b>Balance 1-March-09</b>	<b>Received as Remuneration</b>	<b>Options Exercised</b>	<b>Net Change Other (i)</b>	<b>Balance 30-Jun-10</b>
Ed Nealon	-	-	-	500,000	500,000
Scott Huntly	-	-	-	-	-
Matodzi Nesongozwi	-	-	-	-	-
Grant Button	-	-	-	400,000	400,000
Mark Burchnall	-	-	-	500,000	500,000
Gino D'Anna	-	-	-	-	-
Adrian Griffin	-	-	-	750,000	750,000
Richard Jarvis	-	-	-	250,000	250,000
Philip Kirchlechner	-	-	-	-	-
Zola Skweyiya	-	-	-	-	-
Melissa Sturgess	-	-	-	500,000	500,000
Matthew Sutcliffe	-	-	-	-	-
Glenn Whiddon	-	-	-	-	-

(i) Net change other includes existing Ferrum Crescent (Washington Resources) shares at date of business combination

There were no employee shares held by directors in 2009.

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## Note 6: Directors' and executives' remuneration (continued)

Number of shares held by executives

### 2010

<b>Executive</b>	<b>Balance 1-March-09</b>	<b>Received as Remuneration</b>	<b>On Exercise of Options</b>	<b>Net Change Other (i)</b>	<b>Balance 30-Jun-10</b>
Lindsay Cahill (ii)	1,979,273	-	-	589,105	2,568,378
Robert Hair (iii)	2,187,500	-	-	1,347,260	3,534,760
Andrew Nealon (iv)	-	-	-	275,975	275,975
Robert Van Der Laan(v)	1,006,800	-	-	297,610	1,304,410
Michael Langoulant	-	-	-	50,000	50,000

(i) Net change other includes:

- the conversion of Ferrum Metal Shares to Ferrum Crescent Shares at the ratio of 10 for 12
- acquisitions and disposals on market
- existing Ferrum Crescent (Washington Resources) shares at date of business combination
- issue in settlement of fees

(ii) Balance of 2,110,202 as of the date of this report

(iii) Balance of 3,676,210 as of the date of this report

(iv) Balance of 400,813 as of the date of this report

(v) Balance of 762,205 as of the date of this report

There were no executives in 2009.

Number of shares held by executives

### 2010

<b>Executive</b>	<b>Balance 1-March-09</b>	<b>Received as Remuneration</b>	<b>Options Expired</b>	<b>Net Change Other (i)</b>	<b>Balance 30-Jun-10</b>
Lindsay Cahill (ii)	937,500	-	-	937,500	937,500
Robert Hair (iii)	937,500	-	-	937,500	937,500
Andrew Nealon	-	-	-	-	-
Robert Van Der Laan(iv)	937,500	-	-	937,500	937,500
Michael Langoulant	-	-	-	-	-

(i) Net change other includes:

- subscription for options
- sales/transfers

(ii) Balance of 0 as at the date of this report

(iii) Balance of 0 as at the date of this report

(iv) Balance of 0 as at the date of this report

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Number of Employee shares (with non-recourse loans) held by executives

## 2010

Executive	Balance 1-March-09	Received as Remuneration	On Exercise of Options	Net Change Other	Balance 30-Jun-10
Lindsay Cahill	-	-	-	100,000	100,000
Robert Hair	-	-	-	500,000	500,000
Andrew Nealon	-	-	-	40,000	40,000
Robert Van Der Laan	-	-	-	-	-
Michael Langoulant	-	-	-	-	-

- (i) Net change other includes existing Ferrum Crescent (Washington Resources) shares at date of business combination

## Note 7: Auditor's remuneration

	2010 \$	2009 \$
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial report		
Ernst & Young	68,770	-
Stantons	-	10,000
-other services		
Ernst & Young	10,300	-
Stantons	-	7,820

## Note 8: Earnings per share

	2010 \$	2009 \$
Basic loss per share (cents per share)	(5.86)	(15.82)
Diluted loss per share (cents per share)	(5.86)	(15.82)
Net loss	(7,404,546)	(4,971,394)
Loss used in calculating basic and diluted loss per share	(7,404,546)	(4,971,394)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted (loss)/earnings per share	126,346,059	31,432,878

During the period there were no listed options that were exercised and 1,400,00 expired. Associated with the business combination, 52,187,500 options were issued to replace existing options and remain outstanding at 30 June 2010 (note 16).

During the period ended 28 February 2009, 52,187,500 unlisted options were issued and were outstanding at 28 February 2009 (note 16).

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## Note 8: Earnings per share (continued)

These options are not considered dilutive for the purpose of the calculation of diluted earnings/loss per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share. Consequently, diluted earnings/loss per share is the same as basic earnings per share.

There have been no transactions involving ordinary shares or potential shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

## Note 9: Cash and cash equivalents

	2010	2009
	\$	\$
Cash at bank	529,225	50,563
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:		
Cash at bank	529,225	50,563

## Note 10: Receivables

	2010	2009
	\$	\$
<b>Current</b>		
Sundry debtors	141,790	2,246

- (i) Non-trade debtors are non-interest bearing and are generally on 30-90 days terms. The carrying amounts of these receivables represent fair value and are not considered to be impaired.

## Note 11: Available-for-sale investments

<b>Non-current</b>	2010	2009
	\$	\$
<i>At fair value</i>		
Shares in listed companies	909,678	-

### Listed Shares

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market. During the year an impairment loss of \$1,573,981 was recognized due to a significant decline in the value of the shares.

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**Note 12: Plant and equipment**

	<b>Furniture, fittings and equipment</b>
	<b>\$</b>
<b>Period ended 28 February 2009</b>	
Opening carrying value	-
Additions	2,576
Depreciation charge	(209)
Closing net carrying amount	<u>2,367</u>
<b>At 28 February 2009</b>	
Cost	2,576
Accumulated depreciation	(209)
Net carrying value	<u>2,367</u>
<b>Year ended 30 June 2010</b>	
Opening net carrying value	2,367
Additions	12,122
Depreciation charge for the year	(6,911)
Closing net carrying amount	<u>7,578</u>
<b>At 30 June 2010</b>	
Cost	9,482
Accumulated depreciation	(1,904)
Net carrying value	<u>7,578</u>

**Note 13: Trade and other payables**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Unsecured liabilities		
Trade payables (i)	510,024	53,777
Unsecured loan (ii)	10,000	-
Other payables(i)	30,000	-
	<u>550,024</u>	<u>53,777</u>

- (i) Trade and other payables are non-interest bearing and are normally settled on 30-day terms.  
(ii) Unsecured loan is interest free and has no defined terms of repayment.

**Note 14: Provisions**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	<u>10,474</u>	<u>8,036</u>

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### Note 15: Contributed equity

	2010 \$	2009 \$
Ordinary shares fully paid	12,146,950	3,387,875

Effective 1 July 1998, the corporations legislation abolished the concepts of authorized capital and par value shares. Accordingly, the Company does not have authorized capital or par value in respect of its issued shares. Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

#### Capital management

When managing capital (which is defined as the Company's total equity), management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. As the equity market is constantly changing management may issue new shares to provide for future exploration and development activity. The Company is not subject to any externally imposed capital requirements.

#### Movements in ordinary shares on issue of the legal parent are:

	2010 Number	2009 Number
At beginning of reporting period		
- Ordinary shares	72,720,200	1
- Employee share plan shares on issue	-	-
24 April 2008      Issue of shares for exploration assets	-	27,187,500
Issue of shares for cash	-	10,875,000
Issue of shares for services	-	8,657,699
30 April 2008      Shares issued on acquisition of subsidiary	-	26,000,000
8 June 2009        Issue at 8.33 cents per share	1,052,103	-
25 June 2009      Issue at 8.33 cents per share	200,000	-
30 June 2009      Issue at 10.11 cents per share	1,110,908	-
3 August 2009     Issued for services	84,000	-
31 August 2009    Issued for services	9,832,789	-
30 November 2009 Issue to Ferrum Metals Ltd shareholders under business combination	17,000,000	
30 November 2009 Ferrum Crescent Shares opening balance at date of business combination	51,051,366	
30 November 2009 Ferrum Crescent Employee plan shares opening balance at date of business combination	3,870,000	
30 November 2009 Issued to members of Ferrum Metals Ltd	102,000,000	-
22 December 2009 Issued for consideration as capital raising costs	833,333	
14 January 2010   Issued at 10 cents per share	20,000,000	-
At end of reporting period		
- Ordinary shares	177,754,699	72,720,200
- Employee share plan shares on issue (a)	(3,870,000)	-
	173,884,699	72,720,200

(a) Reserve shares are in relation to shares held under a previous employee share plan.

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### Note 15: Contributed equity (continued)

#### Movements in share capital:

	2010	2009
	\$	\$
At beginning of reporting period	3,387,875	1
Issue of shares for cash	2,260,098	870,000
Issue of shares for exploration assets	-	193,941
Issue of shares to settle services provided	532,645	403,933
Issue of shares to settle loan payable	375,000	-
Deemed consideration transferred to members of Ferrum Metals Ltd	5,773,144	-
Issue on acquisition of Turquoise Moon Trading 157 (Pty) Ltd	-	2,080,000
Capital raising costs	(181,812)	(160,000)
	<hr/>	<hr/>
At end of reporting period	12,146,950	3,387,875

### Note 16: Options

	2010	2009
	No of Options	No of Options
Options		
At year end the following options were on issue:		
- 31 December 2013 Options exercisable at 40 cents per share	101,616,729	52,187,500
-28 February 2008 Options exercisable at 25 cents per share	-	-
-31 May 2010 Options exercisable at 35 cents per share	-	-
-30 June 2010 Options exercisable at 25 cents per share	-	-
	<hr/>	<hr/>

#### Movements in 31 December 2013 Options (i)

Beginning of the financial year	52,187,500	-
Options issued during the year	49,429,229	52,187,500
Exercised during the year	-	-
Options expired during the year	-	-
	<hr/>	<hr/>
End of the financial year	101,616,729	52,187,500

#### Movements in 31 May 2010 Options

Beginning of the financial year	-	-
Options existing at date of business combination	1,000,000	-
Options issued during the year	-	-
Exercised during the year	-	-
Options expired during the year	(1,000,000)	-
	<hr/>	<hr/>
End of the financial year	-	-

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**Note 16: Options (continued)**

	2010	2009
	No of Options	No of Options
<b>Movements in 30 June 2010 Options</b>		
Beginning of the financial year	-	-
Options existing at date of business combination	400,000	-
Options issued during the year	-	-
Exercised during the year	-	-
Options expired during the year	(400,000)	-
End of the financial year	<u>-</u>	<u>-</u>

- (i) At the date of the business combination (30 November 2009), the options in Ferrum Metals Ltd (formerly Ferrum Crescent Ltd) were acquired by Ferrum Crescent Ltd (formerly Washington Resources Ltd) on a 1:1 basis for Ferrum Crescent Ltd (formerly Washington Resources Ltd)

**Note 17: Accumulated losses**

	2010	2009
	\$	\$
Accumulated losses at the beginning of the financial year	(4,971,394)	-
Net loss for the reporting period	(7,404,546)	(4,971,394)
Accumulated losses at the end of the financial year	<u>(12,375,940)</u>	<u>(4,971,394)</u>

**Note 18: Reserves**

	2010	2009
	\$	\$
Option reserve	1,136,062	1,136,062
Foreign currency translation	109,455	83,220
	<u>1,245,517</u>	<u>1,219,282</u>

**Movements in Option Reserve**

Beginning of the financial period	1,136,062	-
Options issued	-	1,136,062
End of the financial period	<u>1,136,062</u>	<u>1,136,062</u>

**Movements in Foreign Currency Translation Reserve**

Beginning of the financial period	83,220	-
Movement for the period	26,235	83,220
End of the financial period	<u>109,455</u>	<u>83,220</u>

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## Note 18: Reserves (continued)

### Nature and purpose of reserves

#### *Options reserve*

This reserve is used to record the value of options issued, other than share-based payments to directors, employees and consultants.

#### *Foreign Currency Translation Reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## Note 19: Business Combination

On 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCL") completed the legal acquisition of Ferrum Metals Limited (formerly Ferrum Crescent Limited) ("FML"). Under the terms of AASB 3 Business Combinations (Revised), FML was deemed to be the accounting acquirer in the business combination. The transaction has therefore been accounted for as a reverse acquisition.

FML is based in Australia and operates exploration operations in the Republic of South Africa.

Details of the fair value of assets and liabilities acquired and goodwill are as follows:

	<b>2009</b>
	<b>\$</b>
Purchase consideration:	
51,051,366 shares (being the number of shares of the legal parent, FCL, before the business combination) multiplied by \$0.105 per share	5,360,393
3,870,000 treasury shares (being the number of shares under the Employee Share Plan of the legal parent, FCL, before the business combination) multiplied at \$0.105	406,350
1,400,000 options (being the number of options under the Employee Option Plan of the legal parent, FCL, before the business combination)	6,400
Total purchase consideration	<u>5,773,143</u>
Fair value of net identifiable assets acquired (see below)	<u>3,753,955</u>
<b>Goodwill</b>	<u><u>2,019,188</u></u>

The goodwill acquired represents the premium arising as a result of accounting for the reverse acquisition. The directors have determined that there is no future benefit arising from this asset and accordingly have recognised an impairment loss for this goodwill amount based on the discounted cash flows.

Following is the movement in the goodwill since acquisition:

	<b>\$</b>
Goodwill on acquisition	2,019,188
Impairment loss	<u>(2,019,188)</u>
<b>At 30 June 2010</b>	<u><u>-</u></u>

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## Note 19: Business Combination (continued)

Details of the fair value of identifiable assets and liabilities of Ferrum Crescent Limited as at the date of acquisition are:

	<b>Book carrying value</b>	<b>Fair Value</b>
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	877,942	877,942
Trade and other receivables	52,116	52,116
Plant and equipment	2,113	2,113
Investments	2,873,525	2,873,525
<b>Liabilities</b>		
Trade and other payables	51,741	51,741
<b>Net assets</b>	<b>3,753,955</b>	<b>3,753,955</b>
<b>Cash outflow/(inflow) on acquisition</b>		
Net cash acquired	877,942	

The consolidated statement of comprehensive income includes revenue and net loss for the financial reporting period ended 30 June 2010 of \$15,960 and \$5,645,610 respectively as a result of the acquisition of Ferrum Crescent Ltd (formerly Washington Resources Ltd). Had the acquisition occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included revenue and loss of \$37,719 and \$8,119,500 respectively.

## Note 20: Commitments

- (i) The Company has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follows:

	<b>2010</b>	<b>2009</b>
	\$	\$
Within 1 year	520,000	537,000
1 to 2 years	550,000	564,000
Total	1,070,000	1,101,000

The commitments may vary depending upon additions or relinquishments of the tenements, as well as farm-out agreements. The above figures are based on the mines department Emits reports as at 30 June 2010. These figures are adjusted at the anniversary date of each tenement and therefore the total can change on a monthly basis.

- (ii) The Company has entered into a commercial property sub-lease. The head-lease and sub-lease expire on 1 June 2011. The amount of \$44,000 remain outstanding in relation to the sub-lease.

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### Note 21: Contingent liabilities

There are no contingent liabilities as at 30 June 2010.

### Note 22: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year the following transactions were undertaken between the Company, executive officers and director-related entities.

	2010 \$	2009 \$
Consulting fees were paid to Nion Business Consulting Pty Ltd, a company of which Richard Jarvis is a director and shareholder	11,855	60,000
Consulting secretarial fees were paid to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder	78,000	28,000
Consulting secretarial fees were paid to Lanza Holdings Pty Ltd, a company of which Michael Langoulant is a director and shareholder	6,097	31,500
Consulting secretarial fees were paid to Athlone International Consultants Pty Ltd, a company with which Andrew Nealon is associated	14,583	25,000
Director Fees were paid to Iron Ore Research Pty Ltd, a company of which Philip Kirchlechner is a director and shareholder	20,000	35,000
Director Fees were paid to Umthombo Resources (Pty) Ltd, a company of which Matodzi Nesongozwi is a director and shareholder	36,000	20,000

Loan of 28,400 South African Rand is owed to Matodzi Nesongozwi. The loan occurred prior to the acquisition of the company. The loan is interest free and has no fixed date of repayment.

The equivalent Australian dollar amount at 30 June 2010 is \$4,332.

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**Note 23: Cash flow information**

	2010	2009
	\$	\$
Reconciliation of cash flow from operations with (loss)/profit from ordinary activities after income tax		
Loss from ordinary activities after income tax	(7,404,546)	(4,971,394)
Expenses settled via equity issues	478,479	-
Loan forgiven	-	(193,941)
Exploration expenditure written off		
Goodwill written off	2,019,188	4,448,308
Impairment of available for sale investments	1,573,981	-
Depreciation	6,911	209
Bad debt expense	23,440	-
Loss on sale of non-current assets	2,124	-
Net exchange differences		(567,730)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(90,868)	(2,246)
(Increase)/decrease in prepayments	-	(20,000)
Increase/(decrease) in payables	470,741	53,777
Increase/(decrease) in provisions	(162)	10,636
Cash flows from operations	<u>(2,920,712)</u>	<u>(1,242,381)</u>

**Note 24: Financial risk management objectives and policies**

The Group's principal financial instruments comprise cash, short term deposits, Available-for-Sale and Held-for-Trading investments.

The main purpose of the financial instruments is to finance the Group's operations. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, securities price risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

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### Note 24: Financial risk management objectives and policies (continued)

The Group has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

	Weighted Average Effective  Interest Rate  %	Floating Interest Rate  \$	Fixed Interest Rate  \$	Non Interest Bearing  \$	Total  \$	Interest Rate Risk Sensitivity			
						-10%		+10%	
						Profit \$	Equity \$	Profit \$	Equity \$
<b>2010</b>									
<b>Financial Assets</b>									
Cash	3.15	413,664	-	115,561	529,225	(912)	-	912	-
Receivables		-	-	141,790	141,790				
<b>Total Financial Assets</b>		<u>413,664</u>	<u>-</u>	<u>257,351</u>	<u>671,015</u>				
<b>Financial Liabilities</b>									
Trade creditors		-	-	510,024	510,024				
<b>Total Financial Liabilities</b>		<u>-</u>	<u>-</u>	<u>510,024</u>	<u>510,024</u>				
<b>2009</b>									
<b>Financial Assets</b>									
Cash	3.15%	50,563	-	-	50,563	(109)	-	109	-
Receivables		-	-	2,246	2,246				
<b>Total Financial Assets</b>		<u>50,563</u>	<u>-</u>	<u>2,246</u>	<u>52,809</u>				
<b>Financial Liabilities</b>									
Trade creditors		-	-	53,777	53,777				
<b>Total Financial Liabilities</b>		<u>-</u>	<u>-</u>	<u>53,777</u>	<u>53,777</u>				

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A -10% sensitivity would move short term interest rates at 30 June 2009 from around 3.15% to 2.84% representing a 31.5 basis points downwards shift (22.05 basis points net of tax).

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

# Ferrum Crescent Limited

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## Note 24: Financial risk management objectives and policies (continued)

### (b) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as available-for-sale. The investments are traded on the ASX.

The following table sets out the carrying amount of the Group's exposure to equity securities price risk on available for sale investments. Also included is the effect on profit and equity after tax if the prices at that date had been 25% higher or lower with all other variables held constant as a sensitivity analysis.

	Notes	Carrying Amount	Price Risk Sensitivity			
			Profit	-25% Equity	+25% Profit	Equity
		\$	\$	\$	\$	\$
2010:						
Financial Assets Available-for-sale investments	11	909,678	(227,419)	(227,419)	227,419	227,419
2009:						
Financial Assets Available-for-sale investments	11	-	-	-	-	-

The reasonably possible change of 25% has been selected as it is considered reasonable given the current and recent trend and volatilities of both Australian and international stock markets.

The increased sensitivity in 2009 is due to a greater level of investment in both Available-for-Sale assets.

### (c) Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows.

All payables are due within 30 days.

### (d) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognized assets liabilities are denominated in a currency that is not the entity's functional currency. The Company's foreign transactions are immaterial and it is not therefore exposed to foreign currency risk.

# Ferrum Crescent Limited

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## Note 24: Financial risk management objectives and policies (continued)

### (e) Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated</b>								
<b>Financial assets</b>								
Available-for-sale Investments								
Listed investments	909,678			909,678	-			-

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exists and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

# Ferrum Crescent Limited

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## Note 24: Financial risk management objectives and policies (continued)

### (f) Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities, financing activities including deposits with banks. The credit risk control procedures adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences.

The maximum exposure to credit risk on financial assets of the Company which have been recognized on the statement of financial position is generally limited to the carrying amount.

Cash is maintained with National Australia Bank.

## Note 25: Parent Entity Information

	2010	2009
	\$	\$
Current assets	1,410,992	2,085,325
Total assets	1,415,893	6,013,850
Current liabilities	319,908	62,680
Total liabilities	319,908	62,680
Issued capital	16,194,722	7,754,098
Retained earnings	(17,279,768)	(3,575,457)
Total shareholders' equity	1,095,985	5,951,170
Profit of the parent entity	(13,704,311)	(1,417,192)
Total comprehensive income	(13,704,311)	(1,417,192)

There have been no guarantees entered into by the parent entity in relation to any debts of its subsidiaries.

The parent entity has no contingent liabilities as at 30 June 2010 (2009: Nil)

The parent entity has certain obligations with respect to tenements and minimum expenditure amounts to \$1,070,000 (2009: \$1,101,000).

## Note 26: Subsequent events

As announced on 20 August 2010 the group disposed of its entire shareholding of Northern Uranium Ltd for net sale proceeds of approximately \$1.8 million.

As announced on 21 July 2010 the group issued 8,012,005 shares. These shares were issued to option holders who elected on a 1 for 10 bases to have their options converted to shares.

The group issued 10,000,000 shares at 12 cents per share to sophisticated investors. The amount raised was \$1,070,097 after costs.

# Ferrum Crescent Limited

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## Independent audit report to members of Ferrum Crescent Limited (formerly Washington Resources Limited)

### Report on the Financial Report

We have audited the accompanying financial report of Ferrum Crescent Limited, which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 March 2009 to 30 June 2010, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Liability limited by a scheme approved  
under Professional Standards Legislation

RK:MJ/FERRUM:051

# Ferrum Crescent Limited

A.C.N. 097 532 137



## *Auditor's Opinion*

In our opinion:

1. the financial report of Ferrum Crescent Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the period from 1 March 2009 to 30 June 2010; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 22 of the directors' report for the period from 1 March 2009 to 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Auditor's Opinion*

In our opinion the Remuneration Report of Ferrum Crescent Limited for the period from 1 March 2009 to 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

## *Inherent Uncertainty Regarding Continuation as a Going Concern*

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2 to the financial report, there is a significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable, and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Ernst & Young

R A Kirkby  
Partner  
Perth  
30 September 2010

RKMJFERRUM:051

# Ferrum Crescent Limited

A.C.N. 097 532 137



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## Auditor's Independence Declaration to the Directors of Ferrum Crescent Limited (formerly Washington Resources Limited)

In relation to our audit of the financial report of Ferrum Crescent Limited for the period from 1 March 2009 to 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

R A Kirkby  
Partner  
30 September 2010

RK:ML:FERRUM:052

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## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### Introduction

Ferrum Crescent Limited (the "**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarized in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, second edition, incorporating the 2010 amendments ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

### DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

#### Summary statement

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>		ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4 <sup>3</sup>	n/a	n/a
Recommendation 1.3 <sup>3</sup>	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1	✓		Recommendation 5.2 <sup>3</sup>	n/a	n/a
Recommendation 2.2	✓		Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2 <sup>3</sup>	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6 <sup>3</sup>	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4 <sup>3</sup>	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3 <sup>3</sup>	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3 <sup>3</sup>	n/a	n/a
Recommendation 4.2	✓				

- 1 Indicates where the Company has followed the Principles & Recommendations
- 2 Indicates where the Company has provided "if not, why not" disclosure.
- 3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

#### Website disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at [www.ferrumcrescent.com](http://www.ferrumcrescent.com), under the section marked Corporate Governance.

#### Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010 financial year ("**Reporting Period**").

## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### **Principle 1 – Lay solid foundations for management and oversight**

#### **Recommendation 1.1:**

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

#### **Disclosure:**

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer and to assist the Chief Executive Officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chairman or the lead independent director, as appropriate.

#### **Recommendation 1.2:**

Companies should disclose the process for evaluating the performance of senior executives.

#### **Disclosure:**

The Chairman, in consultation with the other Board members, is responsible for evaluating the senior executives. The performance evaluation of senior executives is undertaken by the Chairman in the form of interviews.

#### **Recommendation 1.3:**

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

#### **Disclosure:**

During the Reporting Period a performance evaluation of senior executives did occur in accordance with the above disclosed process at Recommendation 1.2.

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## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### **Principle 2 – Structure the board to add value**

#### **Recommendation 2.1:**

A majority of the Board should be independent directors.

#### **Disclosure:**

The independent directors of the Board during the Reporting Period were Ms Melissa Sturgess (until her resignation), Mr Glenn Whiddon (until his resignation), Dr Matt Sutcliffe (until his resignation), Dr Zola Skweyiya (until his resignation), Mr Philip Kirchlechner (until his resignation), Mr Scott Huntly (until his appointment as an executive), and Mr Ed Nealon. The non-independent directors of the Board during the Reporting Period were Mr Adrian Griffin, Mr Matodzi Nesongozwi and Dr Fanie Botha and Mr Mark Burchnall, Mr Richard Jarvis and Mr Gino D'Anna (until their respective resignation). Mr Grant Button, who is an alternate director, is independent.

For the majority of the Reporting Period, the Board did comprise a majority of independent directors.

#### **Recommendations 2.2 & 2.3:**

The Chairman should be an independent director and the roles of the Chairman and Chief Executive Officer should not be exercised by the same individual.

#### **Disclosure:**

The role of Chairman of the Company during the reporting period was held by Ms Melissa Sturgess (an independent director) until her resignation, Mr Glenn Whiddon (an independent director) until his resignation and Mr Ed Nealon (an independent director).

#### **Recommendation 2.4:**

The Board should establish a Nomination Committee.

The Company has since the end of the financial year established a separate Nomination Committee but did not have one during the year.

#### **Explanation for departure:**

The full Board considered those matters that would usually be the responsibility of a Nomination Committee. The composition of the Board did not make the establishment of a separate Nomination Committee practicable. Accordingly, the Board performed the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee were marked as separate agenda items at Board meetings when required. When the Board convened as the Nomination Committee it carried out those functions which are delegated in the Company's Nomination Committee Charter. The Board dealt with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests was not party to the relevant discussions.

## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### **Recommendation 2.5:**

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

### **Disclosure:**

The Chairman is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

Evaluations are undertaken by way of round-table discussions and when appropriate by one to one interviews.

### **Recommendation 2.6:**

Companies should provide the information indicated in the *Guide to Reporting on Principle 2*.

### **Disclosure:**

#### **Skills, experience, expertise and term of office of each director**

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

#### **Identification of independent directors**

The independent directors of the Company during the Reporting Period were Melissa Sturgess, Glenn Whiddon, Matt Sutcliffe, Zola Skweyiya, Scott Huntly (until his appointment as an executive), Ed Nealon, Philip Kirchlechner and Grant Button. These directors were/are independent as they were/are non-executive directors who were/are not members of management and who were/are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

#### **Company's materiality thresholds**

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter.

- Statement of financial position items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on statement of financial position or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

## **FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE**

- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

### **Statement concerning availability of Independent professional advice**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

### **Nomination matters**

The full Board, in its capacity as the Nomination Committee, held one meeting during the Reporting Period. Each member of the Board attended the meeting.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

### **Performance evaluation**

During the Reporting Period the performance evaluations for the Board and individual directors did occur in accordance with the disclosed process in Recommendation 2.5. The Board did not separately evaluate the performance of the Audit Committee.

### **Selection and (re)appointment of directors**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognizes that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the managing director must retire from office no later than the longer of the third annual general meeting of the company or 3 years following that director's last election or appointment. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### **Principle 3 – Promote ethical and responsible decision-making**

#### **Recommendation 3.1:**

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

#### **Disclosure:**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

#### **Recommendation 3.2:**

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

#### **Disclosure:**

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

#### **Recommendation 3.3:**

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

#### **Disclosure:**

Please refer to the section above marked Website Disclosures.

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### **Principle 4 – Safeguard integrity in financial reporting**

#### **Recommendation 4.1:**

The Board should establish an Audit Committee.

#### **Disclosure:**

The Company has established an Audit Committee.

## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### **Recommendation 4.2:**

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chairman of the Board
- has at least three members.

### **Notification of departure:**

During the reporting period the Audit Committee consisted of Richard Jarvis, executive director and Chair (until his resignation from the Board on 11 January 2010), , Mark Burchnall, Managing Director (until his resignation on 19 August 2009) and Gino D'Anna (from the date of his appointment on 28 August 2009 until 14 January 2010).. Mr Kirchlechner was a member of the Committee from 15 January 2010 until the date of his resignation on 3 June 2010, and Mr Nesongozwi and Mr Huntly were members of the Committee from 15 January 2010 until the end of the financial year. The Committee at no time during the year met the stipulations set out in recommendation 4.2, in that at different times it consisted of only two members, consisted wholly or in part of executive directors and was not chaired by an independent director.

### **Explanation for departure:**

The Company considers that the members of the Audit Committee during the year were the most appropriate, given the membership of the Board at different times during the year, for the Company's current needs.

### **Recommendation 4.3:**

The Audit Committee should have a formal charter.

### **Disclosure:**

The Company has adopted an Audit Committee Charter.

## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### **Recommendation 4.4:**

Companies should provide the information indicated in the *Guide to reporting on Principal 4*.

### **Disclosure:**

The Audit Committee held one meeting during the Reporting Period, attended by all members of the committee at the time of the meeting.

Details of each of the director's qualifications are set out in the Director's Report.

All of the Audit Committee members consider themselves to be financially literate and have industry knowledge.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

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## **Principle 5 – Make timely and balanced disclosure**

### **Recommendation 5.1:**

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

### **Disclosure:**

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

### **Recommendation 5.2:**

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

### **Disclosure:**

Please refer to the section above marked Website Disclosures.

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## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

### **Principle 6 – Respect the rights of shareholders**

#### **Recommendation 6.1:**

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

#### **Disclosure:**

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

#### **Recommendation 6.2:**

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

#### **Disclosure:**

Please refer to the section above marked Website Disclosures.

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### **Principle 7 – Recognize and manage risk**

#### **Recommendation 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

#### **Disclosure:**

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the Policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer (or equivalent), who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer (or equivalent) is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Chief Executive Officer/Managing Director (or equivalent) may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. The Audit Committee reports any issues regarding the management of material business risks that it feels should be brought to the Board's attention.

## FERRUM CRESCENT LIMITED CORPORATE GOVERNANCE

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval; and
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations;

The key categories of risk of the Company, as reported on by management, include:

- cash management (including interest rate);
- financial reporting;
- ASX reporting compliance;
- project/tenement ownership retention;
- equity/security price risk
- maintain joint venture partnerships.

### **Recommendation 7.2:**

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

### **Disclosure:**

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

During the reporting period the Company had an informal risk management system in place, including the policies and systems referred to in the disclosure in relation to Recommendation 7.1. Although the system was not fully documented, management acting through the Chief Executive Officer, was able to form the view that management of its material business risks during the Reporting Period was effective. Refer to note 26 for a more detailed review of risk management.

### **Recommendation 7.3:**

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### **Disclosure:**

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

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### **Recommendation 7.4:**

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

### **Disclosure:**

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

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## **Principle 8 – Remunerate fairly and responsibly**

### **Recommendation 8.1:**

The Board should establish a Remuneration Committee.

### **Notification of departure:**

The Company for part of the year did not have a separate Remuneration Committee.

### **Explanation for departure:**

The Board considered for the first half of the year that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. A Remuneration Committee was established in the second half of the year. The Board has adopted a Remuneration Committee Charter.

### **Recommendation 8.2:**

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

### **Disclosure:**

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the Company's stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unquoted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the directors' option holdings are fully disclosed.

Pay and rewards for executive directors and senior executives consists of a base pay and benefits (such as superannuation) as well as long term incentives through participation in employee share and option plans. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

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**Recommendation 8.3:**

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

**Disclosure:**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. Each member of the Board attended the meeting. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter. The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

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The Company's interests in mining and exploration tenements in WA are set out in Table 1, and the Company's interests in mining and exploration tenements in NT are set out in Table 2.

Distribution schedules of shareholders and statements of voting rights are set out in Table 3, whilst the Company's top twenty shareholders are shown in Table 4. Substantial shareholder notices that have been received by the Company are set out in Table 5.

**Table 1**

**Washington Tenement Interests (Western Australia)**

<b>PROJECT NAME</b>	<b>TEN. NUMBER</b>	<b>LOCATION</b>	<b>BENEFICIAL INTEREST</b>	<b>STATUS</b>	<b>APPROX AREA</b>
<b>Mortlock</b>	<b>E70/2719</b>	<b>WA</b>	<b>100</b>	<b>Granted</b>	<b>13444 Ha</b>
<b>Newleyine</b>	<b>E70/2720</b>	<b>WA</b>	<b>100</b>	<b>Granted</b>	<b>14899 Ha</b>
<b>Toodyay West</b>	<b>E70/2853</b>	<b>WA</b>	<b>100</b>	<b>Granted</b>	<b>1752 Ha</b>
Yarawindah South	E70/2914	WA	100	Application	2642Ha
<b>Yarawindah North</b>	<b>E70/2923</b>	<b>WA</b>	<b>100</b>	<b>Granted</b>	<b>11,456Ha</b>
<b>Yarawindah West</b>	<b>E70/2924</b>	<b>WA</b>	<b>100</b>	<b>Granted</b>	<b>294Ha</b>
<b>Yarawindah West</b>	<b>E70/2925</b>	<b>WA</b>	<b>100</b>	<b>Granted</b>	<b>294Ha</b>
<b>Bindi Bindi</b>	<b>E70/2985</b>	<b>WA</b>	<b>100</b>	<b>Granted</b>	<b>4718 Ha</b>
<b>Yarawindah</b>	<b>E70/3080</b>	<b>WA</b>	<b>80</b>	<b>Granted</b>	<b>4404Ha</b>

*In the above table, "Granted" means that the relevant tenement has been granted under the Mining Act and "Application" means that the relevant tenement has not yet been granted under the Mining Act.*

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**Table 2**

**Washington Tenement Interests (Northern Territory)**

<b>PROJECT NAME</b>	<b>TEN. NUMBER</b>	<b>LOCATION</b>	<b>BENEFICIAL INTEREST</b>	<b>STATUS</b>	<b>APPROX AREA</b>
Tanami/Granites	E23932	NT	100%	Application	1,617 sqkm
Tanami/Granites	E23933	NT	100%	Application	348.9 sqkm
<b>Supplejack</b>	<b>E23934</b>	<b>NT</b>	<b>100%</b>	<b>Granted</b>	<b>153.2 sqkm</b>
Rabbit Flats	E23935	NT	100%	Application	506.3 sqkm
<b>Kurundi</b>	<b>E23937</b>	<b>NT</b>	<b>100%</b>	<b>Granted</b>	<b>719.3 sqkm</b>
<b>Tanami/Granites</b>	<b>E24166</b>	<b>NT</b>	<b>100%</b>	<b>Granted</b>	<b>145.8 sqkm</b>
Tanami/Granites	E24174	NT	100%	Application	1,621 sqkm
Tanami/Granites	E24177	NT	100%	Application	402 sqkm
<b>Tanami/Granites</b>	<b>E24178</b>	<b>NT</b>	<b>100%</b>	<b>Granted</b>	<b>103.7 sqkm</b>
Tanami/Granites	E24179	NT	100%	Application	169 sqkm
Tanami/Granites	E24193	NT	100%	Application	233.9 sqkm
<b>Kurundi</b>	<b>E24995</b>	<b>NT</b>	<b>100%</b>	<b>Granted</b>	<b>2.8 sqkm</b>
Rabbit Flats	E25157	NT	100%	Application	25.8 sqkm
Rabbit Flats	E25158	NT	100%	Application	38.7 sqkm
Rabbit Flats	E25159	NT	100%	Application	67.7 sqkm
Rabbit Flats	E25160	NT	100%	Application	132.2 sqkm
Petermann	E25434	NT	100%	Application	581.3 sqkm

*In the above table, "Granted" means that the relevant tenement has been granted under the Mining Act and "Application" means that the relevant tenement has not yet been granted under the Mining Act.*

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**Table 3  
Shareholder spread**

***Ordinary shares, with right to attend meetings and vote personally or by proxy, through show of hands and, if required, by ballot (one vote for each share)***

1-1,000	29
1,001-5,000	52
5,001-10,000	99
10,001-100,000	218
100,001 - and over	179

Total holders of ordinary shares	577
Total number of ordinary shares	185,766,705

***Options, with no right to attend meetings or vote personally or by proxy***

1-1,000	3
1,001-5,000	11
5,001-10,000	21
10,001-100,000	24
100,001 - and over	24

Total holders of option holders	83
Total number of options	21,496,727

**Table 4  
Top twenty shareholders**

<b><i>Shareholder</i></b>	<b><i>Number of shares</i></b>	<b><i>Percentage</i></b>
1. Mr Henrik Willem Bonsma	17,050,000	9.18%
2. HSBC Custody Nominees (Australia) Ltd	10,858,630	5.85%
3. National Nominees Ltd	9,606,681	5.17%
4. Apollinax Inc	8,309,203	4.47%
5. Nefco Nominees Pty Ltd	6,115,977	3.29%
6. Padstock Limited	4,809,763	2.59%
7. ANZ Nominees Ltd	4,798,460	2.58%
8. Richmond Resources Pty Ltd	4,657,938	2.51%
9. Mr Scott Wilson and M/S Maria Wilson	3,760,500	2.02%
10. Reachage Pty Ltd	3,656,250	1.97%
11. Excel Lead Holdings Ltd	3,197,008	1.72%
12. Zenix Nominees Pty Ltd	2,783,333	1.50%
13. Sorrel Enterprises Limited	2,750,000	1.48%
14. Camcove Pty Ltd	2,398,510	1.29%
15. Elegant Global Limited	2,270,000	1.22%
16. Kingsreef Pty Ltd	2,250,000	1.21%
17. Sylvania Resources Ltd	2,180,000	1.17%
18. Paticoa Nominees Pty Ltd	2,167,001	1.17%
19. McLaren Investments Limited	2,100,000	1.13%
20. Mr Robert Hair	1,755,900	0.95%

**FERRUM CRESCENT LIMITED  
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**Table 5  
Substantial shareholders**

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage</i>
1. Mr Henrik Willem Bonsma	17,050,000	9.18%
2. HSBC Custody Nominees (Australia) Ltd	10,858,630	5.85%
3. National Nominees Ltd	9,606,681	5.17%

**Voting Rights**

The voting rights attached to each class of equity securities are set out below:

**(a) Ordinary shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.