



04 June 2010

**Media ASX Announcement**

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



**ASX: FCR**

**Ferrum Crescent Limited  
Lodgement of Prospectus – Offer to Cancel Options**

Further to the announcement on 19 May 2010, the Directors of Ferrum Crescent Limited (“Ferrum” or “the Company”) are pleased to advise they have lodged the prospectus to offer to cancel the Company’s listed options with the Australian Securities and Investments Commission today. The prospectus will be dispatched to the Company’s optionholders as soon as practicable.

For further information contact:

**Ferrum Crescent Limited**  
Scott Huntly - Managing Director  
T: + 27 82 321 2050  
E: [info@ferrumcrescent.com](mailto:info@ferrumcrescent.com)

**Ferrum Crescent Limited**  
Adrian Griffin – Technical Director  
T: + 61 8 9477 3031  
E: [info@ferrumcrescent.com](mailto:info@ferrumcrescent.com)

For more information on the Company visit [www.ferrumcrescent.com](http://www.ferrumcrescent.com)

# FERRUM CRESCENT LIMITED

ABN 58 097 532 137

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## PROSPECTUS – OFFER TO CANCEL OPTIONS

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**For an offer to issue to Optionholders up to 10,161,673 Shares (in aggregate) in consideration for the cancellation of all Options, on the basis of 1 Share for every 10 Options cancelled.**

**The offer under this Prospectus is subject to Shareholder Approval and is therefore a conditional offer. No securities will be issued pursuant to this Prospectus unless and until the Condition is satisfied.**

### **Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

FERRUM CRESCENT LIMITED

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## **Important Notice**

This Prospectus is dated 4 June 2010. A copy of this Prospectus was lodged with ASIC on 4 June 2010. ASIC and ASX take no responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for Shares offered by this Prospectus to be listed for Quotation.

Applications for Shares offered pursuant to this Prospectus can only be submitted by Optionholders on an original Acceptance and Application Form which accompanies this Prospectus. If you are an FCR Optionholder and did not receive a personalised Acceptance Form, please contact the Company on (08) 9477 3031. By signing and returning the Acceptance and Application Form, Optionholders declare that they were given access to the Prospectus together with an Acceptance Form.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No person is authorised to give information or make any representations in connection with this Prospectus which is not contained in this Prospectus. Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to agree to the cancellation of their Options and apply for Shares. There are risks associated with an investment in Ferrum Crescent Limited and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or their future value.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 12 of this Prospectus.

The Corporations Act prohibits any person from passing onto another person an Acceptance and Application Form unless it is attached to a hard copy of this Prospectus or if it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

A copy of this Prospectus can also be viewed at the website of the Company at [www.ferrumcrescent.com](http://www.ferrumcrescent.com) for information purposes. However, the Offer is only open to Optionholders, and you can only accept the Offer by completing and returning the personalised Application and Acceptance Form that will have been sent to you together with this Prospectus. If you require another form, please contact one of the Company Secretaries on (08) 9477 3031.

## SECTION 1 - CORPORATE DIRECTORY

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### DIRECTORS

Ed Nealon	Non-Executive Chairman
Scott Huntly	Managing Director
Adrian Griffin	Technical Director
Matodzi Nesongozwi	Non-Executive Director

### CONTACT DETAILS

Website: [www.ferrumcrescent.com](http://www.ferrumcrescent.com)  
Email: [info@ferrumcrescent.com](mailto:info@ferrumcrescent.com)  
Telephone: (08) 9477 3031  
Facsimile: (08) 9475 0847

### COMPANY SECRETARY

Robert Hair  
Andrew Nealon

### REGISTERED OFFICE

Unit 1  
135 Great Eastern Highway  
RIVERVALE WA 6103

### AUDITORS\*

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
PERTH WA 6000

### SHARE REGISTRY\*

Computershare Investor Services Pty Limited  
Level 2, Reserve Bank Building  
45 St George's Terrace  
PERTH WA 6000

Telephone: 1300 557 010  
Facsimile: (08) 9323 2033

### STOCK EXCHANGE LISTING

Australian Securities Exchange  
(Home Exchange: Perth, Western  
Australia)  
**Code: FCR**

**\*THESE ENTITIES HAVE BEEN INCLUDED FOR INFORMATION PURPOSES ONLY. THEY HAVE NOT BEEN INVOLVED IN THE PREPARATION OF THIS PROSPECTUS.**

## SECTION 2 - LETTER FROM THE CHAIRMAN

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4 June, 2010

Dear Ferrum Crescent Limited Optionholder,

### **Background**

On 19 May 2010, Ferrum Crescent Limited (A.C.N. 097 532 137) (“**FCR**” or the “**Company**”) made an announcement to ASX in respect of an intention to simplify its capital structure in order to make FCR more attractive for investors in Australia and in other international jurisdictions, in particular the AIM Market in London (“AIM”). As set out in that announcement, it is proposed that this will involve a proposal to cancel listed options in return for an issue of shares.

This prospectus contains an offer to Optionholders in respect of the above. FCR Optionholders should refer to the Company’s ASX announcement (and the notice of general meeting and accompanying independent expert’s report, which contains a valuation of both shares and options, released to ASX on 20 May 2010) for further information and background about the Company’s proposals.

As you will be aware, FCR is an Australian incorporated and ASX listed company which has the Turquoise Moon Iron Project (in South Africa) as its main undertaking.

Details of FCR’s capital structure are set out in Section 5.4 of this Prospectus.

### **Offer**

This Prospectus contains an offer to you of shares in FCR in return for the cancellation of all, and not part only, of Your FCR Options.

The offer is for **one (1) fully paid ordinary FCR Share for each ten (10) FCR Options held (and cancelled)**.

The number of FCR Shares you are being offered is set out on the personalised Acceptance and Application Form that accompanies this prospectus. However, to the extent that the number shown on the Acceptance and Application Form is incorrect (for example, because your holding of FCR Options has changed), you are being offered FCR Shares in accordance with the agreed ratio.

The offer is being made to all FCR Optionholders. If each FCR Optionholder accepts the offer, the Company will issue 10,161,673 FCR shares (in aggregate), and all current FCR Options will be cancelled. This offer does not extend to the 400,000 unlisted options currently on issue, as those options are shortly to expire in any event.

The terms of the offer are set out in Section 4.3 of this Prospectus (“**Offer Terms**”). You are encouraged to read this Prospectus in full before deciding whether to accept the Offer and, if in any doubt, consult with your professional adviser(s).

The Offer is subject to the satisfaction of the Shareholder Approval Condition.

The Closing Date for the offer is 5.00pm WST on 5 July 2010 (unless extended by FCR).

The Offer is not available to persons other than FCR Optionholders to whom the Company issues a personalised Acceptance and Application Form. If you believe you hold FCR Options and have not received a personalised Acceptance and Application Form properly identifying your FCR Options, please contact one of the Company Secretaries, Andrew Nealon or Robert Hair, on (08) 9477 3031 or fax (08) 9475 0847 or contact your professional adviser.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'E. Nealon', with a stylized flourish at the end.

Ed Nealon  
Non-executive Chairman  
Ferrum Crescent Limited

### SECTION 3 - TIMETABLE AND IMPORTANT DATES

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EVENT	DATE
Prospectus lodged with ASIC and ASX	4 June 2010
Opening Date *	4 June 2010
Shareholders meeting to approve the acquisition of Options	21 June 2010
Closing Date **	5 July 2010
Proposed date for cancellation of FCR Options and issue of new FCR Shares	8 July 2010

These dates are indicative only and may be subject to change.

\* The Prospectus will be dispatched to Optionholders as soon as practicable thereafter

\*\* The Directors may extend the Closing Date by giving notice to ASX. As such, the date of issue of the new FCR Shares may vary.

## SECTION 4 - DETAILS AND OFFERS

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### 4.1 Purpose of the Offer

The purpose of the Offer is to implement a simplification of the capital structure of FCR (as described in the Managing Director's Letter on page 5 and in the Company's ASX announcement of 19 May 2010). In particular, the Offer is seeking to reduce the number of Options on issue by offering to cancel Options in FCR in return for an issue of fully paid ordinary Shares in FCR. No funds will be raised pursuant to the Offer.

As announced by the Company to ASX on 19 May 2010, while the Board has not yet resolved to proceed, the Company is considering applying for admission of its Shares for trading on the London AIM Market. The Directors believe that by simplifying the Company's capital structure (as is proposed by way of the Offer) the Company will be more attractive for investors in Australia and on AIM. However, Optionholders should be aware that the ability of the Company to list on AIM will be subject to (inter alia) UK regulatory approvals, and there can be no guarantee that such listing will occur. The Company will release further information to ASX as the AIM proposal develops.

The Directors also believe that reducing the number of Options on issue is likely to have further benefits to the Company by reducing the perception among some market participants (and potential investors in the AIM market) of an overhang of supply in the Company's Shares (as a result of the potential for 101,616,729 Options to be exercised) which may have (or have had) a negative impact on the Company's Share price.

Optionholders should be aware that in accordance with the ASX Listing Rules, Shareholder approval will be required to enable the Company to cancel Options in return for consideration (in accordance with this Offer). Accordingly, this Offer is subject to and conditional upon the Shareholder Approval Condition. A meeting of Shareholders has been convened for this purpose, and is due to be held on 21 June 2010. A notice of meeting (which, in accordance with the requirements of the Listing Rules includes an independent expert's report dated 12 May 2010 prepared by BDO Corporate Finance (WA) Pty Ltd for the benefit of Shareholders) has been sent to Shareholders and is available from ASX, or by contacting the Company. Optionholders should note that, for the purposes of preparing its report, BDO Corporate Finance (WA) Pty Ltd has determined a valuation range for Shares (which are given a value between \$0.17 and \$0.22 each) and Options (with 10 Options being given a collective value of between \$1.03 and \$1.43) – which indicates a higher value (based on the methodology adopted) for the 10 Options to be cancelled, than for the 1 Share to be received. Further information about the BDO report is set out at section 9.6 of this Prospectus (and Optionholders are encouraged to read that report in full to determine how the valuation has been conducted). Notwithstanding this valuation, the Directors are of the view that, based on current market prices for both Shares and Options (as to which, see section 9.1 of this Prospectus), and the potential upside to the Company and holders of Shares if the number of outstanding Options is reduced, the consideration offered under this Offer (of 1 Share for every 10 Options cancelled) is appropriate. **However, Optionholders need to be aware of the risk that by accepting the Offer and agreeing to the cancellation of their Options, they are foregoing something that may potentially be worth more (either now or in the future).**

If the Shareholder Approval Condition is not satisfied, then the Offer will lapse (whether or not it has been accepted). Even if this occurs, the Company is interested in pursuing a secondary listing of its Shares on AIM (though believes the Company will be viewed more favourably by investors in that market if the capital structure of the Company can be streamlined by way of the proposed cancellation of Options).

## 4.2 The Offer

By this Prospectus, the Company makes an Offer to FCR Optionholders of up to 10,161,673 FCR Shares (in aggregate) in return for the cancellation of all FCR Options held by them.

FCR Shares are offered on the basis of one (1) FCR share for every ten (10) FCR Options held (and cancelled). The rights attaching to FCR Shares are set out in Section 8 of this Prospectus.

By accepting, FCR Optionholders agree to the cancellation of all FCR Options held by them.

The terms of the Offer are set out in Section 4.3 of this Prospectus (below).

## 4.3 Offer terms

4.3.1 FCR hereby makes an offer to cancel all (and not part only) of Your FCR Options. This offer is subject to the satisfaction of the Shareholder Approval Condition.

4.3.2 If you accept the Offer, you agree:

- (a) to the cancellation of all (and not part only) of Your FCR Options with effect from the Settlement Date in consideration for the issue of FCR Shares referred to below; and
- (b) not to exercise or transfer any Options.

4.3.3 If you accept the Offer, on the Settlement Date the Company will cancel all of Your FCR Options at which time those Options will have no further force or effect and all rights and entitlements under those Options (and as a holder of Options) will cease.

4.3.4 The consideration payable to you on (or as soon as practicable after) the Settlement Date in return for the cancellation of Your FCR Options will be the issue to you of one (1) fully paid ordinary FCR Share for each ten (10) FCR Options held (and cancelled). Any fractional entitlement you have to part of an FCR Share will be rounded up to the nearest whole number of FCR Shares. A summary of the rights attached to Shares is set out at section 8 of this Prospectus. You will not be entitled to this consideration if you have subsequently exercised or transferred any of Your FCR Options in breach of clause 4.3.2(b).

4.3.5 The FCR Shares to be issued will, from the date of their issue, rank equally with all other FCR Shares on issue. FCR will apply to ASX for the quotation of the new FCR Shares and use its best endeavours to procure such quotation in accordance with the timetable set out in this Prospectus. FCR will procure that its share registry dispatch a holding statement in respect of any new FCR Shares issued as consideration for the cancellation of Options as soon as practicable after the Settlement Date evidencing your holding of new FCR Shares.

4.3.6 Any duty that may be payable on the cancellation of Your FCR Options will be borne by FCR.

4.3.7 By accepting this Offer, you agree to the application of a Holding Lock to Your FCR Options and that the Company may refuse to register a paper-based transfer document in respect of Your FCR Options. If the Company applies a Holding Lock (or requests the application of a Holding Lock) in respect of Your FCR Options or refuses to register a transfer of Your FCR Options in accordance with this clause 4.3.7, the Company will (in accordance with Listing Rules 8.10.2 and 8.10.3) inform you in writing of such request or refusal and the reason(s) for it within 5 Business Days of the request or the date on which the transfer was lodged.

4.3.8 If the Shareholder Approval Condition is not satisfied by 31 July 2010, then Your FCR Options will not be cancelled, and the Company will not issue any new FCR Shares (even if you have accepted this Offer). In this case, this Offer (and any agreement that has arisen upon its acceptance) will automatically lapse and be void and you will continue to hold Your FCR Options.

4.3.9 You acknowledge, agree and warrant to FCR that, as at both the time you accept this Offer and at the Settlement Date:

- (a) you are the registered and beneficial owner of Your FCR Options;
  - (c) there are no encumbrances of any type (including mortgages, charges or other security interests) over Your FCR Options;
  - (d) you have full power and capacity to agree to the cancellation of the Options; and
  - (e) you are not insolvent or bankrupt, and nothing has occurred and no proceedings have been commenced (or threatened), or are anticipated by you, that may lead to this.
- 4.3.10 By accepting the Offer, you warrant to FCR that you do not reside in a jurisdiction in which it would be unlawful (or unduly onerous) for FCR to make this Offer to you, for you to accept this Offer (in its current form), or for FCR to issue new FCR Shares to you. The Company reserves the right to withdraw any offer to cancel Your FCR Options (and/or reject, rescind or reverse any Acceptance and Application Form or other acceptance of this Offer) where it considers that you reside in a jurisdiction within which it would be unlawful or unduly onerous for it to issue FCR Shares.
- 4.3.11 You understand that an investment in FCR is risky and must be considered highly speculative.
- 4.3.12 You acknowledge that FCR and its related bodies corporate and their officers, directors, employees, advisers and agents will rely on the truth and accuracy of the agreements, representations and warranties given by you herein.
- 4.3.13 You request that your address to be shown on the FCR share register is the address stated on the Acceptance and Application Form.
- 4.3.14 You agree to become a member of FCR and to be bound by the constitution of FCR.
- 4.3.15 This Offer (and any agreement arising upon its acceptance) is governed by the laws in force in Western Australia, and you submit to the non-exclusive jurisdiction of the Western Australian courts.
- 4.3.16 You may only accept this Offer in respect of all (and not part only) of Your FCR Options. However, if at any time during the Offer Period and before this Offer is accepted you hold Your FCR Options in two or more distinct portions (for example, as trustee, nominee or otherwise on account of another person), then this Offer is deemed to consist of a separate corresponding offer to you in relation to each distinct portion of Your FCR Options, and to accept any of those corresponding offers, you must specify by written notice to the Company that Your FCR Options consist of distinct portions and the number of Options to which the acceptance relates.
- 4.3.17 Subject to the Corporations Act and the ASX Listing Rules, your acceptance of this Offer is irrevocable by you, and the contract so arising will be binding on you.
- 4.3.18 By accepting the Offer, you:
- (a) will be deemed to have irrevocably accepted the Offer in respect of all FCR Options held by you, despite any difference between that number and the number of FCR Options shown on the Acceptance and Application Form;
  - (b) appoint FCR or any nominee of FCR as your agent and attorney to exercise all of the powers and rights attaching to Your FCR Options and have agreed not to revoke that appointment during the period from the date of your acceptance of this Offer and the Settlement Date; and
  - (c) authorise FCR to complete your Acceptance and Application Form by correcting any errors or omissions from that form as may be necessary for the purpose of effecting acceptance of the Offer and cancelling Your FCR Options.

#### **4.4 How to accept**

Please have regard to whether Your FCR Options are in an Issuer Sponsored Holding or a CHES Holding. Your FCR Options are in an Issuer Sponsored Holding if they are sponsored directly by the Company as issuer. Your FCR Options are in a CHES Holding if they are sponsored by a Broker or other CHES participant or if you are a Broker or Non-Broker Participant. This will be indicated on the personalised Acceptance and Application Form you received together with this Prospectus.

##### **Issuer Sponsored Holdings**

If Your FCR Options are held on the Company's Issuer Sponsored Subregister when you accept, you must complete and sign the sign the Acceptance and Application Form accompanying this Prospectus in accordance with the instructions on the Acceptance and Application Form and return it to the Company's share registry at the address shown below. Acceptances must be received prior to the close of the Offer Period at 5.00 pm WST on 5 July 2010 (unless extended by the Company).

Computershare Investor Services Pty Limited  
GPO Box D182  
Perth WA 6848

OR

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
Perth WA 6848

##### **CHES Sponsored Holdings**

If your Options are in a CHES Holding when you accept, you must also complete the accompanying Acceptance and Application Form in accordance with the terms of the Offer and the instructions on the Acceptance and Application Form. Please ensure that form is received before the close of the Offer Period at the Company's share registry at the address shown above. In that case, you will be deemed to have authorised Computershare Investor Services Pty Limited to forward your instructions to your Controlling Participant (usually your stockbroker), who will then accept the Offer on your behalf during the Offer Period in accordance with the ASTC Settlement Rules (and in particular Rule 14.14, which ASTC has deemed to apply to this Offer) and the Corporations Act.

CHES holders should note that acceptance of the Offer will not be effected until it is notified to their Controlling Participant and processed by them electronically through CHES, so they should ensure that any acceptance is received in sufficient time before the end of the Offer to allow this to occur.

If you do not wish accept the Offer, you do not need to take any action.

By accepting the Offer, you will be agreeing to the cancellation of all (and not part only) of Your FCR Options on the Settlement Date and to receive FCR Shares in return.

#### **4.5 Closing Date**

The Closing Date for the Offer is 5.00 pm WST on 5 July 2010 (unless extended by the Company).

#### **4.6 Offer Period**

The Opening Date of the Offer will be 4 June 2010. The Offer closes on 5 July 2010 (unless extended by the Company).

#### **4.7 Allotment**

The Shares will be allotted and issued on or as soon as practicable after the Settlement Date.

Statements of holding for the Shares (the subject of this Prospectus) will be mailed as soon as possible after the Settlement Date. Shareholders trading Shares before they receive their statements will do so at their own risk. FCR and its share registry disclaim all liability, whether in negligence or otherwise, to any person who trades in FCR Shares before receiving their confirmation statement.

No Shares will be allotted or issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

#### **4.8 Stock Exchange Quotation**

Application for official quotation of the Shares (the subject of this Prospectus) by ASX will be made by the Company within seven (7) days of the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC) the Company will not issue any Shares and you will continue to hold Your FCR Options.

#### **4.9 Overseas Optionholders**

FCR Optionholders resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their entitlements.

This Prospectus does not constitute an offer in any place in which or to any person whom it would not be lawful to make such an offer.

#### **4.10 Clearing House Electronic Sub-Register System (“CHESS”) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

#### **4.11 Risk factors**

FCR Optionholders should be aware that agreeing to the cancellation of FCR Options and receiving Shares the subject of this Prospectus involves a number of risks. Some of the more important risks are set out in Section 6 of this Prospectus. FCR Optionholders are urged to consider these risks carefully (and, if necessary, consult their professional adviser) before deciding whether to accept the Offer.

#### **4.12 Privacy**

If you complete an Application and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will

use that information to assess your application, service your needs as a shareholder, facilitate distribution payments and corporate communications to you as a shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Commonwealth)*, the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

#### **4.13 Enquiries**

If you have any questions concerning your holding of FCR Options, or the corresponding number of FCR Shares to which you would be entitled, please contact the Company Secretary, Andrew Nealon or Robert Hair on (08) 9477 3031 or fax (08) 9475 0847 or contact your professional adviser.

## SECTION 5 – PURPOSE AND EFFECT OF THE OFFER

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### 5.1 Purpose of the offer

The purpose of the Offer is to reduce the number of Options on issue by offering to cancel Options in FCR in return for an issue of fully paid ordinary Shares in FCR. No funds will be raised pursuant to the Offer.

### 5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer (assuming no Options are exercised prior to the Settlement Date) will be to:

- (a) Increase the number of FCR Shares on issue by up to 10,161,673 FCR Shares (being the maximum number of FCR Shares to be issued under the Offer); and
- (b) Decrease the number of FCR Options on issue by up to 101,616,729 (being the number of FCR Options on issue).

It has been assumed that all FCR Options are acquired and therefore that the full number of Shares will be issued under this Prospectus. As it will be up to each Optionholder to decide whether to accept the Offer, this assumption may not turn out to be correct.

Set out below is:

- (a) a Consolidated Balance Sheet of the Company at 31 December 2009, which has been the subject of an audit review; and
- (b) an unaudited pro-forma Consolidated Balance Sheet at 31 December 2009 incorporating the effect of the Offer.

The proposed transactions adjusting the Balance Sheet of the Company in the pro forma Balance Sheet are the issue of up to 10,161,673 Shares pursuant to this Prospectus, the cancellation of all FCR Options and the payment of costs of \$35,000 in relation to the Offer.

### 5.3 Pro Forma Balance Sheet

The following statement has been prepared to provide FCR Optionholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The unaudited pro-forma financial information presented in this section 5.3 is for illustrative purposes only. It is provided as a guide to assist FCR Optionholders in considering the effect of the Offer. The pro-forma balance sheet of the Company at 31 December 2009 has been prepared to reflect the financial position of the Company as if all FCR Options had been cancelled under the Offer as at that date.

It should be noted that no forecast information in relation to the financial performance of the Company is being provided, as FCR is not able to provide any such forecast information which is sufficiently meaningful and reliable to include in this Prospectus. In this regard, the Company's performance in any period will reflect a number of factors that cannot, at this stage, be predicted with a high level of confidence and are outside its control. Section 6 sets out risks relevant to the performance of the Company's business. It should also be noted that the proforma balance sheet is indicative only and that FCR Optionholders do not have the benefit of notes or other explanations of how items have been calculated.

**Ferrum Crescent Limited**  
**Audit reviewed and proforma balance sheets**

As at 31 December 2009

	31-Dec 2009 – audit reviewed \$	31-Dec 2009 – proforma \$
<b>Current Assets</b>		
Cash and cash equivalents	1,933,971	1,898,971
Receivables	912,647	912,647
	<b>2,846,618</b>	<b>2,811,618</b>
<b>Non-current Assets</b>		
Plant and equipment	3,555	3,555
Available-for-sale-investments	2,920,960	2,920,960
<b>Total Non-current Assets</b>	<b>2,924,515</b>	<b>2,924,515</b>
<b>Total Assets</b>	<b>5,771,133</b>	<b>5,736,133</b>
<b>Current Liabilities</b>		
Trade and other payables	853,376	853,376
<b>Total Current Liabilities</b>	<b>853,376</b>	<b>853,376</b>
<b>Total Liabilities</b>	<b>853,376</b>	<b>853,376</b>
<b>NET ASSETS</b>	<b>4,917,757</b>	<b>4,882,757</b>
<b>Equity</b>		
Contributed equity	12,154,595	14,151,930
Reserves	2,471,040	438,705
Accumulated losses	(9,707,878)	(9,707,878)
<b>TOTAL EQUITY</b>	<b>4,917,757</b>	<b>4,882,757</b>

#### 5.4 Effect on Capital Structure

Under the Offer, up to 10,161,673 Shares are available for issue and will be issued if the Shareholder Approval Condition is satisfied and the Settlement Date occurs.

The current issued capital of the Company comprises:

Fully paid ordinary shares on issue:	177,754,699
Unlisted Options on issue:	400,000
Listed Options	101,616,729

Upon completion of the Offer (and assuming all Optionholders accept), the issued capital of the Company will comprise:

Fully paid ordinary shares on issue:	187,916,372
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Unlisted Options on issue:	400,000
Listed Options:	-

The above does not take into account the potential further issues contemplated at section 5.5 below.

FCR Optionholders should keep in mind that these numbers are likely to be affected by a number of factors, including that:

- the Shareholder Approval Condition may not be satisfied, in which event no Options would be cancelled;
- some Optionholders may not accept the Offer, and seek to retain their Options; and
- the Company may not make offers to, or recognise acceptances of the Offer from, Optionholders in foreign jurisdictions if the Company believes that an issue of Shares to such persons would be unlawful or unduly onerous.

Depending on the number of Optionholders who accept the Offer, the Company (in conjunction with ASX) will need to consider whether the balance of the Options should remain quoted on ASX (having regard to ASX requirements in respect of the number of holders and number of securities in a quoted class).

## **5.5 Potential further issues**

In addition to the potential effects of the Offer on the Company's capital structure (described at 5.4 above), Optionholders should also be aware that:

- (a) the Shareholders' meeting convened for 21 June 2010 (to seek, inter alia, the Shareholder Approval Condition) will also seek approval to issue up to 50 million Shares in conjunction with any possible application of admission to trading on AIM; and
- (b) the Company constantly assesses its working capital position. In addition to (a) above, the Company may issue further Shares for working capital purposes from time to time, including during the Offer Period. In particular, the Company is currently considering a potential placement of up to 10 million Shares (under its 15% ASX Listing Rule capacity) for working capital purposes and to assist in pursuing the Company's consideration of a potential admission to trading on AIM.

Any further issues of Shares, including as contemplated by (a) or (b) above is likely to be dilutive to Shareholders.

## SECTION 6 – RISK FACTORS

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### Introduction

Set out below is a list of some of the risk factors which should be considered before subscribing for Shares under this Prospectus (in return for the cancellation of options). Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated. The Directors are of the view that the Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business and the Company's history. This list is not exhaustive and FCR Optionholders should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares and/or agreeing to the cancellation of their Options.

### Value Risk

In determining the value of the consideration offered under this Offer, the Directors have had regard to recent trading prices of both Shares and Options on ASX. While the Directors believe the market is a good indicator of value, it is not the only method of valuing an asset. In connection with the required Shareholder Approval, the Company has had BDO Corporate Finance (WA) Pty Ltd prepare an independent expert's report for the purposes of considering whether the Offer is fair and reasonable to non-associated Shareholders. For the purposes of that report, BDO has determined a valuation range for both Shares and Options (as to which see section 9.6). That valuation range indicates a higher value for the 10 Options to be cancelled, than for the 1 Share to be received. Optionholders therefore need to be aware that by accepting the Offer and agreeing to the cancellation of their Options, they are foregoing something that may potentially be worth more (either now or in the future).

### Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

### Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equity stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

While the Company has also announced that it is considering applying for admission of its Shares for trading on the London AIM market, it should be borne in mind that the Board has not yet resolved to proceed and that the ability of the Company to list on AIM will be subject to (inter alia) the approval of the relevant UK authorities, and there can be no guarantee that such listing will eventuate.

### Political and Country Risks

Changes in government regulations and policies may adversely affect the financial performance of the Company and the projects in which it invests. The country risks to which the Company has exposure include a range of economic, political, administrative, taxation and regulatory factors. There can be no assurance that the future political and economic conditions in the countries in which the Company or its subsidiaries operate will not result in their governments adopting different policies in relation to foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income, return of capital and other areas, each of which may affect the Company's ability to undertake its strategy in respect of its assets in the manner currently contemplated. Political, social and economic factors may interrupt or prevent exploration, mine development or production operations or may result in the non-renewal or cancellation of exploration licenses and permits. Changes to tax or other fiscal

legislation and regulation may adversely affect the value of an investment in Shares and may affect Shareholders differently, and may adversely affect the Company's business, financial condition and results of operations.

### **Future Capital Requirements**

The Company's activities will require substantial expenditures. There can be no guarantee that the Company will be able to raise sufficient funds to successfully achieve all the objectives of the Company's overall business strategy. In particular, it will be necessary for the Company to undertake one or more capital raisings to pursue its business, particularly the Turquoise Moon Iron Project. There can be no assurances that the Company will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

### **Reliance on Key Personnel and Need to Attract Qualified Staff**

The Company is dependent upon its management and technical personnel, the loss of whose services could materially and adversely affect the Company and impede the achievements of its business objectives. The Company's ability to sell its products and services and maintain its research and development program will depend in part upon its ability to attract and retain suitably qualified management and technical personnel over time. There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis or retain its key management personnel.

### **Uncertainty of Future Profitability**

The Company's ability to operate profitably in the future will depend upon its ability to achieve sufficient revenue from existing and new customers. This will depend upon the ultimate demand for its products and services by customers which cannot be guaranteed.

Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates in, competitive factors and regulatory developments. Accordingly, the extent of future profits is uncertain. Moreover, the level of such profitability cannot be predicted.

### **Exploration Success**

The mineral tenements in which the Company has an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

### **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

## **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent upon interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

## **Commodity Price Volatility and Exchange Rate Risk**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian, South African and other currencies. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and those currencies as determined in international markets.

## **Uninsured Risks**

The Company, as a participant in exploration and mining programmes, may become subject to liabilities for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. The Company may incur a liability (in excess of any insurance cover) arising from such hazards.

## **Environmental Risks**

The operations and proposed activities of the Company are subject to regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Various Australian tenements in which the Company has an interest in are subject to native title rights of indigenous Australians. The ability of the Company to gain access to its tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected by these native title rights.

## **Speculative Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## **SECTION 7 - OVERSEAS PARTICIPANTS**

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The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

## SECTION 8 - RIGHTS ATTACHING TO SHARES

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### 8.1 Rights attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

#### General Meetings and Notice

Each shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

#### Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid Share, but in respect of partly paid Shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Shares.

#### Dividend Rights

The Directors may from time to time declare such dividends as appear to the Directors to be justified by the profits of the Company.

Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

#### Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may

determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

### **Transfer of Shares**

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the Listing Rules.

### **Variation of Rights**

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the holders of three-quarters of the issued Shares of that class, vary or abrogate the rights attaching to Shares.

### **Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## SECTION 9 - ADDITIONAL INFORMATION

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### 9.1 Market Prices of Ordinary Shares and Options

#### (a) Shares

Official quotation of the Company's Shares commenced on 17 November 2005 and consequently, the trading history on ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX during the 12 month period prior to the date of this Prospectus were \$0.235 on 14 April 2010 and \$0.035 on 5 June 2009 respectively.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in these shares prior to the date of this Prospectus was \$0.17 on 3 June 2010.

#### (b) Options

Official quotation of Options commenced on 4 November 2009 and consequently, the trading history of Options on ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded market sale prices of the Company's Options quoted on ASX during the period from commencement of official quotation of Options to the date to the date of this Prospectus were \$0.04 on 13 November 2009 and \$0.009 on 8 February 2010.

The last market sale price of the Company's Options on ASX on the last day that trading took place in these options prior to the date of this Prospectus was \$0.018 on 3 June 2010.

Depending on the number of Optionholders who accept the Offer, the Company (in conjunction with ASX) will need to consider whether the balance of the Options should remain quoted on ASX (having regard to ASX requirements in respect of the number of holders and number of securities in a quoted class).

### 9.2 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before accepting this Offer agreeing to the cancellation of FCR Options or agreeing to take Shares. Taxation consequences will depend upon particular circumstances. Neither the Company nor any of its officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with a cancellation of FCR Options or the acquisition of FCR Shares under this Offer.

### 9.3 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

### 9.4 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX. This Prospectus contains an offer to acquire Options to acquire such Shares.

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to

continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- a. it is subject to regular reporting and disclosure obligations;
- b. copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- c. it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - i. the financial statements of the Company for the year ended 30 June 2009 being the last financial statements for a financial year, of the Company lodged with ASIC before the issue of this Prospectus;
  - ii. any half-year financial statements of the Company lodged with ASIC since the lodgment of the last financial statements for the year ended 30 June 2009 lodged with ASIC before the issue of this Prospectus; and
  - iii. any documents used to notify ASX of information relating to the Company in the period from lodgment of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at, an office of ASIC or at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since 1 July 2009:

<b>Date</b>	<b>Headline</b>	<b>Pages</b>
03/06/2010	Final director's interest notice	2
03/06/2010	Resignation of director	1
25/05/2010	Change of Director's Interest Notice	3
20/05/2010	Notice of General Meeting of Shareholders	56
19/05/2010	Approval sought to cancel listed options	3
30/04/2010	Quarterly Activities and Cashflow Report	14
08/04/2010	NTU Rights Issue Closes Oversubscribed	2
07/04/2010	Moonlight Resource Upgrade	5
06/04/2010	Change of Registered Office	1
17/03/2010	Half Yearly Report and Accounts	21
11/03/2010	Final Director's Interest Notice x4	8
09/03/2010	Board restructure	2
18/02/2010	Moonlight Iron Deposit Drilling Update	7
08/02/2010	Appendix 3Y - Change of Director's Interest Notice	2
05/02/2010	Ceasing to be a substantial holder for RLC	1
03/02/2010	FCR - NTU Exploration of High Value Rare Earth Targets	7
29/01/2010	Quarterly Cashflow Report	6
29/01/2010	Quarterly Activities Report	6
22/01/2010	Drilling update - Turquoise Moon Project	2
15/01/2010	Preliminary drilling results	3
15/01/2010	Notification under s708A(5) of the Corporations Act 2001	1
15/01/2010	Appendix 3B	7
15/01/2010	Initial Director's Interest Notice	12
15/01/2010	Final Director's Interest Notice	2
11/01/2010	FCR Completes Placement to Advance Exploration (correction)	1
11/01/2010	Ferrum Crescent - Changes to Board of Directors	2
11/01/2010	Ferrum Completes Placement to Advance Exploration	1
24/12/2009	Change of Name Certificate	1
24/12/2009	Completion of Acquisition of Ferrum Crescent Limited	3
24/12/2009	Appendix 3B	7
16/12/2009	Washington to Raise \$2 million to Advance Exploration	2
07/12/2009	Hartleys Investor Research Report – Covering Letter	1
07/12/2009	Ferrum Crescent Ltd Investor Presentation	16
07/12/2009	Drilling Commences at Moonlight Deposit	3
03/12/2009	WRL - Appendix 3B - Issue of Shares and Options under Merger	8
30/11/2009	Results of Meeting	5
30/11/2009	WRL - Ferrum Crescent Awards Exploration Drilling Contract	2
13/11/2009	Washington - Ferrum Crescent Merger Update Announcement	1
09/11/2009	Top 20 and Distribution of Optionholders (WRLO) – Shortfall	3
09/11/2009	Appendix 3B - Rights Issue of Options (Shortfall)	7
05/11/2009	Washington - Ferrum Crescent Merger Update Announcement	4
04/11/2009	Washington - Top 20 and Distribution of Optionholders (WRLO)	3
02/11/2009	Appendix 3B - Rights Issue of Options	7
02/11/2009	Non-renounceable Rights Issue of Options Closed	1
30/10/2009	Quarterly Activities and Cashflow Report	11
29/10/2009	Notice of Annual General Meeting and Explanatory Statement	40
07/10/2009	Appendix 3B	7
01/10/2009	FCL Acquisition Prospectus	41

Date	Headline	Pages
30/09/2009	Annual Report to shareholders	82
30/09/2009	Change in substantial holding for NTU	2
24/09/2009	Letter to Eligible Option holders regarding Rights Issue	2
24/09/2009	Letter to Eligible Shareholders regarding Rights Issue	2
22/09/2009	Amended Rights Issue Timetable	1
21/09/2009	Entitlement Offer Prospectus	38
21/09/2009	Appendix 3B	7
21/09/2009	Non-Renounceable Issue	1
17/09/2009	Washington Acquires Advanced Magnetite Iron Project	12
15/09/2009	Trading Halt	2
28/08/2009	Initial Director's Interest Notice	2
28/08/2009	Board Changes – Correction	1
19/08/2009	Final Director's Interest Notice	4
19/08/2009	Initial Director's Interest Notice	4
19/08/2009	Board Changes	1
16/07/2009	Quarterly Activities Report	7
13/07/2009	Change in substantial holding for NTU	3

## 9.5 ASIC Modification

On 1 April 2010 ASIC issued instrument number 10-0267, the effect of which was to allow the Company to issue a transaction specific prospectus (see section 9.4 above for a discussion of transaction specific prospectuses) notwithstanding the fact that the Company had, earlier this year, been granted a modification under section 340 of the Act allowing it to lodge its half-yearly report (for the period ending 31 December 2009) late.

## 9.6 Independent Expert's Report

As noted elsewhere in this Prospectus, the Offer contained in this Prospectus is subject to the Shareholder Approval Condition. This is because the Listing Rules prohibit a listed company from cancelling options in return for consideration without shareholder approval. Approval is also required under the Listing Rules to permit those Directors of the Company who hold Options to accept the Offer and receive Shares in return. A general meeting of the Company's Shareholders has been convened for 21 June 2010 to consider giving the required Shareholder Approval.

ASX has requested that the Optionholding interests of Directors (and one former Director) of the Company be aggregated for this purpose (even though the Company is not otherwise aware of any reason why these persons would be considered to be associates or have their interests aggregated in this manner). As the Share consideration to be received by these people (based on recent market prices of Shares and assuming each accepted the Offers to be made to them) would be worth more than 5% of the Company's equity interests, the Company is required to obtain Shareholder approval under Listing Rule 10.1, and seek an independent expert's report stating whether the proposal was fair and reasonable to the non-associated Shareholders of the Company (that is, Shareholders other than these Directors and former Director).

The Company engaged the services of BDO Corporate Finance (WA) Pty Ltd which prepared a report dated 12 May 2010 (which has been released to ASX (on 20 May 2010) and dispatched to Shareholders together with the notice of meeting seeking the Shareholder Approvals). A copy of that notice and independent expert's report can be obtained from ASX, or free of charge by contacting the Company during ordinary business hours.

Optionholders should note that, for the purposes of preparing its report, BDO Corporate Finance (WA) Pty Ltd has determined a valuation range for Shares (which are given a value between \$0.17 and \$0.22 each) and Options (with 10 Options being given a collective value of between \$1.03 and \$1.43) which indicates (on the valuation methodology adopted) a higher value for the 10 Options to be cancelled, than for the 1 Share to be received. Optionholders are encouraged to read that report in full to determine how the valuation has been conducted.

Notwithstanding this valuation, the Directors are of the view that, based on current market prices for both Shares and Options (as to which, see section 9.1 of this Prospectus), and the potential upside to the Company and holders of Shares if the number of outstanding Options is reduced, the consideration offered under this Offer (of 1 Share for every 10 Options cancelled) is appropriate. **However, as indicated by the valuation range determined by the expert, Optionholders need to be aware of the risk that by accepting the Offer and agreeing to the cancellation of their Options, they are foregoing something that may potentially have a higher value (either now or in the future).**

## 9.7 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director has or had within two years before lodgment of this Prospectus with ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or proposed Director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the offer of Shares pursuant to this Prospectus.

The interest of the Directors in the securities of the Company at the date of this Prospectus (direct and indirect) is as follows:

<b>Director</b>	<b>No. of Shares</b>	<b>No. of Options</b>
Ed Nealon	500,000	450,000
Scott Huntly	3,447,007	-*
Adrian Griffin	4,579,136	995,038
Matodzi Nesongozwi	17,152,142	12,100,000

\*Mr Huntly holds 400,000 unlisted options.

Mr Nealon, Mr Griffin and Mr Nesongozwi have indicated that, subject to the satisfaction of the Condition, they will accept the Offer in respect of all of their FCR Options. On that basis the interest of the Directors in the securities of the Company following the closing of that offer (direct and indirect) will be follows:

<b>Director</b>	<b>No. of Shares</b>	<b>No of Options</b>
Ed Nealon	545,000	-
Scott Huntly	3,447,007	-*
Adrian Griffin	4,678,640	-
Matodzi Nesongozwi	18,362,142	-

\*Mr Huntly holds 400,000 unlisted options. This holding will not be affected by the Offer (though are due to expire on 30 June 2010 in any event).

It should be noted that on 3 June 2010 the Company announced to ASX that, given the demands of other professional commitments, Philip Kirchlechner was standing down from the Board of the Company. Mr Kirchlechner holds 1,734,630 Shares, but does not hold any Options.

The Company's constitution provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting (currently set at \$150,000). Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include travel and out of pocket expenses and disbursements made on behalf of the Company.

By agreement dated 9 March 2010, Ferrum engaged the services of Scott Huntly (effective from 1 February 2010) to work in the position of Managing Director of the Company. Remuneration for his role as Managing Director will initially be ZAR1,690,000 inclusive of superannuation, if applicable, per annum and Mr Huntly is entitled to reimbursement of expenses. The remuneration payable per annum is to be reviewed annually. The agreement provides that Mr Huntly will be offered participation in any employee incentive plan that may be approved by the Board and Shareholders of the Company, if and when such plan may be implemented. The services may be terminated by either party without cause by giving not less than three months' notice. The agreement sets out the responsibilities of the role and contains the usual provisions relating to the protection of confidentiality and of the Company's intellectual property.

By agreement dated 9 March 2010, Ferrum engaged the services of Adrian Griffin (effective from 1 January 2010) to work in the position of Technical Director of the Company. Remuneration for his role as Technical Director will initially be \$240,000 inclusive of superannuation, if applicable, per annum and Mr Griffin is entitled to reimbursement of expenses. The remuneration payable per annum is to be reviewed annually. The agreement provides that Mr Griffin will be offered participation in any employee incentive plan that may be approved by the Board and Shareholders of the Company, if and when such plan may be implemented. The services may be terminated by either party without cause by giving not less than three months' notice. The agreement sets out the responsibilities of the role and contains the usual provisions relating to the protection of confidentiality and of the Company's intellectual property.

Other than as set out below or elsewhere in this Prospectus, no person referred to in section 711(4) of the Corporations Act has or had within two years before lodgment of this Prospectus with ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any such person, either to induce him to become, or to qualify him as, an expert, advisor or underwriter or otherwise for services rendered by him in connection with the promotion or formation of the Company or the offer of Shares pursuant to this Prospectus.

## **9.8 Expenses of the Offer**

The total expenses of the Offer are estimated to be approximately \$35,000, comprising ASIC lodgment fees, legal and due diligence costs and printing and other administrative expenses, including ASX quotation fees.

## SECTION 10 - CONSENTS

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Computershare Investor Services Pty Limited (“**Computershare**”) has given and, as at the date hereof, has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

BDO Corporate Finance (WA) Pty Ltd (“**BDO**”) has given and has not withdrawn its written consent to being named in this Prospectus, and to the references to its Independent Expert’s Report dated 12 May 2010 (prepared for the purposes of a meeting of the Company’s shareholders to be held on 21 June 2010) in the form and context in which it is so named, and such references are made. BDO’s Independent Expert’s Report was not prepared for the purposes of this Prospectus. BDO has not caused or authorised the issue of the Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. To the extent permitted by law, BDO does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

## SECTION 11 - AUTHORITY OF DIRECTORS

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This Prospectus has been issued by the Company and its issue has been authorised by a resolution of the Directors.

Each of the Directors of Ferrum Crescent Limited has consented to the lodgment of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

**Dated 4 June 2010**

A handwritten signature in black ink, appearing to read 'E. Nealon', is positioned above a horizontal line.

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**Signed for and on behalf of  
FERRUM CRESCENT LIMITED**  
By Edward Nealon

## SECTION 12 - DEFINITIONS

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**Acceptance and Application Form** means the personalised acceptance and application form enclosed with this Prospectus pursuant to which an FCR Optionholder accepts the Offer.

**AIM** means the AIM Market (operated by the London Stock Exchange).

**Applicant** means an FCR Optionholder who submits an Application.

**Application** means a valid application to accept the Offer and subscribe for Shares.

**ASIC** means Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

**ASTC Settlement Rules** means the settlement rules of ASTC.

**ASTC Participant** means a "Participant" under the ASTC Settlement Rules.

**ASX** means the Australian Securities Exchange (or, where appropriate, the market conducted by it).

**Board** means the board of Directors unless the context indicates otherwise.

**Broker** means a person who is a share broker and a participant in CHES.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHES** means ASX Clearing House Electronic Subregister System (for the electronic transfer of securities) operated by ASTC.

**CHES Holding** means a holding of FCR Options on the CHES subregister of FCR.

**CHES Subregister** means that part of the Company's register that is administered by ASTC.

**Closing Date** means the date on which the Offer closes.

**Company** means Ferrum Crescent Limited (A.C.N. 097 532 137).

**Controlling Participant** means the person who is designated as the controlling participant for shares in a CHES Holding in accordance with the ASTC Settlement Rules.

**Corporations Act** means the *Corporations Act 2001 (Commonwealth)*.

**Directors** mean the directors of the Company from time to time.

**Dollars or \$** means Australian dollars unless otherwise stated.

**FCR** means the Company.

**FCR Option** means an Option.

**FCR Optionholder** or **Optionholder** means a holder of Options.

**FCR Share** means a Share.

**FCR Shareholder** means a holder of Shares.

**Glossary** means this glossary (set out in section 12 of this Prospectus).

**GST** means Goods and Services Tax.

**Holding Lock** means, a facility that prevents securities (including Options) from being deducted from, or entered into, a holding pursuant to a transfer or conversion.

**Issuer Sponsored Holding** means a holding of FCR Options on FCR's Issuer Sponsored Subregister.

**Issuer Sponsored Subregister** means that part of an entity's register for a class of CHES approved securities that is administered by the entity (and not ASTC) and records uncertificated holdings of securities.

**Listing Rules or ASX Listing Rules** means the official Listing Rules of ASX.

**Notice of Meeting** means the notice of meeting and explanatory memorandum that has been, or shortly will be, sent to FCR Shareholders in relation to an Extraordinary Meeting of Shareholders at which Shareholder Approval will be sought.

**Offer** means the offer contained in this Prospectus made to Optionholders of up to 10,161,673 Shares (in aggregate) in consideration for the cancellation of all Options held by them on the basis of one (1) Share being issued for every ten (10) Options held (and cancelled).

**Offer Period** means the period within which the Offer may be accepted, commencing on the Opening Date and ending on the Closing Date.

**Official List** means the Official List of ASX.

**Opening Date** means the opening date for receipt of Acceptance and Application Forms under this Prospectus as set out in section 4.6.

**Option** means an option to subscribe for one Share, as at the date of this Prospectus exercisable at \$0.40 on or before 5:00pm WST on 31 December 2013 (but, for the sake of clarity, does not include an Unlisted Option).

**Optionholder** means a holder of Options.

**Quotation and Official Quotation** means official quotation on ASX.

**RSA** means the Republic of South Africa.

**Settlement Date** means the date which is three Business Days after the Closing Date, but will, in any event, be within one month of the Extraordinary Meeting of Shareholders at which Shareholder Approval will be sought.

**Share** means 1 fully paid ordinary share in the Company.

**Shareholder Approval** means the approval of FCR shareholders to the making of this Offer (for all purposes including ASX Listing Rules 6.23.2, 7.1, 10.11 and 10.11) at a meeting to be held on or about 21 June 2010.

**Shareholder Approval Condition** or **Condition** means the receipt of Shareholder Approval.

**Unlisted Options** means 400,000 unlisted options which have also been issued by the Company and which are due to expire by 30 June 2010.

**WST** means Western Standard Time as applicable in Perth, Western Australia.

**Your FCR Options** means all FCR Options held by an Applicant.

**ZAR** means South African Rand, being the currency of RSA.