

5 November 2010

**Media ASX Announcement**

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



**ASX: FCR**

**Acquisition of Increased Interest in Turquoise Moon Project**

The Directors of Ferrum Crescent Limited (“Ferrum” or the “Company”) are pleased to announce that its wholly-owned South African subsidiary, Nelesco 684 (Pty) Ltd (“Nelesco”), has entered into a series of agreements that will result, upon completion, in Nelesco’s total interest in the Turquoise Moon Iron Project increasing from 74% to approximately 82%.

The agreements, which are subject to certain conditions, will amongst other things have the following effects if the conditions are fulfilled:

1. A company (“BEE Company”) that meets the requirements of applicable South African legislation in respect of control by historically disadvantaged persons (referred to in South Africa as being “BEE controlled”) on 26 October 2010 entered into an agreement with the current holder of 26% of Turquoise Moon Trading 157 (Pty) Ltd (“TMT”) to purchase that holder’s right, title and interest in TMT for ZAR30 million (currently approximately AUD\$4.4 million). TMT is the holder of the Turquoise Moon Iron Project, and the agreement is conditional upon BEE Company raising sufficient funds by 21 December 2010 to complete the transaction.
2. BEE Company’s major shareholder (which is itself BEE controlled) has advanced loan funds to BEE Company to pay a 25% deposit in respect of the above agreement.
3. Nelesco has under one of the agreements signed on 4 November 2010 in South Africa become a 32.17% shareholder in BEE Company and has agreed, subject to completion of a capital raising, to advance loan funds of ZAR22.5 million (currently approximately AUD\$3.3 million) to BEE Company for the completion of the purchase of the TMT shares.
4. Nelesco and BEE Company’s major shareholder have agreed that BEE Company will issue shares to a trustee for the local community that lives in the vicinity of what will be the mine site if the Turquoise Moon Iron Project is developed, such that the community holds 11.54% of BEE Company (equivalent to an indirect interest in the Turquoise Moon Iron Project of 3%).

5. Ferrum has entered into a subscription agreement, whereby BEE Company's major shareholder will subscribe for shares in the Company equivalent to 15.6% of the shares on issue at the relevant subscription date for a total consideration of ZAR15 million (currently approximately AUD\$2.2 million), provided certain conditions are met. These include the grant of a mining right in respect of the Turquoise Moon Iron Project, the grant of South African Reserve Bank Approval and all necessary approvals under the Corporations Act 2001 and the ASX Listing Rules (which will include shareholder approval). Under a back to back agreement, Nelesco has agreed with BEE Company's major shareholder that upon fulfilment of the conditions precedent in the subscription agreement, Nelesco will purchase all of that shareholder's right, title and interest in BEE Company (including the benefit of loans extended to BEE Company) for a total consideration of ZAR7.5 million (currently approximately AUD\$1.1 million).
6. The result of the agreements would be that BEE Company's major shareholder would hold its interest in the Turquoise Moon Iron Project through its shareholding in Ferrum and Nelesco would hold 97% of the Turquoise Moon Iron Project, with the other 3% being held by a trust for the benefit of the local community. Such a structure meets the requirements of South African law.
7. Mr Kofi Morna, who is a director of the Company, has a minority indirect interest in BEE Company's major shareholder. He was appointed as a director for the purposes of the transactions described above.
8. The structure as described above has been disclosed to the South African government (specifically, the Department of Mineral Resources or "DMR"), and the DMR has indicated its support.

Mr Ed Nealon, the Company's Executive Chairman, expressed his appreciation for the efforts of management and advisers in putting these complex transactions into place. At the same time, he commented that the transactions demonstrate the confidence that the Company has in the Turquoise Moon Iron Project and its potential for commercial development.

"It is pleasing that the South African government has demonstrated its support for Turquoise Moon and the way that the BEE component has been structured," he said.

He added, "The local community having equity in the Company's projects is totally consistent with our commitment to all stakeholders and demonstrates that we are committed to best practice in relation to our relationships with communities affected by our activities."

The Company has previously announced that it plans to list on the AIM Market of the London Stock Exchange. Preparations are advanced to prepare for that eventuality, and the directors will make an

announcement if and when the Company is proceeding with that listing. As has also been announced, such listing would be effected in conjunction with a capital raising.

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