



29 January 2016

Ferrum Crescent Limited

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

Quarterly Activities and Cashflow Report For the period ended 31 December 2015

Highlights

- During the quarter, the Company announced that the Group had entered into a legally binding farm-in and joint venture agreement (the "Agreement") with Business Venture Investments No. 1709 (Proprietary) Limited ("BVI") to form a joint venture for the completion of the bankable feasibility study ("BFS") for the Moonlight Iron Project in Limpopo Province, northern South Africa (the "Project").
- Under the terms of the Agreement, in return for fully funding and completing the BFS across two phases (BFS Phase 1 and BFS Phase 2), BVI will earn up to a 43% equity interest in Ferrum Iron Ore (Pty) Limited ("FIO"), the Group subsidiary that holds the Project.
- Work on the BFS Phase 1 activities is expected to commence during the current quarter.
- Memorandum of understanding with Principle Monarchy Investments (Proprietary) Limited formally terminated during the quarter.
- Justin Tooth appointed as Non-Executive Chairman of the Company in December 2015 following the resignation of Ed Nealon who stepped down from the Board to pursue his other business interests.

Post Quarter End:

- The Company agreed with BVI to extend the timetable for completion of Phase I of the BFS by three months to 12 January 2017. This extension, in order to finalise the appointment of an internationally reputable engineering firm to manage the BFS, was granted further to a request from BVI and BVI remains committed and responsible for fully funding and completing the requisite BFS workstreams.

- Meetings were held recently with the Mayor and councillors of the Municipality of Lephalale, and with leaders of the Ga-Seleka Community. Ferrum Crescent is currently progressing a proposed cooperation agreement, outlining the commitments of each party both before and after the Project's development. Such intended commitments relate to small community infrastructure projects, education assistance and employment provisions.
- Discussions are continuing with potential domestic off-takers but remain at an initial stage only. These talks are centred around product type, specifications and quantum of product.
- Further updates with respect to the abovementioned matters will be made as and when appropriate.

Commenting today Tom Revy, Managing Director of Ferrum Crescent, said:

"The BFS Phase 1 activities are on track to commence by the end of the current quarter, and I look forward to reporting on a regular basis thereafter as to the status of the Project as the various planned key BFS milestones are progressed.

"We continue to align the Project with the infrastructure plans of the South African and Limpopo governments and seek to address the aspirations and interests of such authorities and those of the local communities and municipalities. Our aim continues to be the maximisation of the value of Moonlight for the benefit of all stakeholders."

For further information on the Company, please visit www.ferrumcrescent.com or contact:

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Notes to Editors:

Ferrum Crescent's principal project is the Moonlight Iron Project located in Limpopo Province in the north of South Africa. The Moonlight Deposit (upon which the Project is based) is a magnetite deposit located on the Moonlight, Gouda Fontein and Julietta farms and is the main operational focus for the Company. Iscor Limited ("Iscor"), which explored the Project in the 1980s and '90s, reported mineralisation capable of producing a concentrate grading at 68.7%

iron. At that time, Iscor concluded that the deposit, which was described as being comparable to the world's best, was easily mineable due to its low waste-to-ore ratio. The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

Metallurgical tests on Moonlight material, undertaken since then by Ferrum Crescent, suggest that Iscor's historical results are conservative, that good metal recoveries can be achieved, and that the resulting concentrates have a high iron content and only negligible impurities, at grind sizes considered to be industry standard (P80 of 75 - 125 microns).

Key features of the Project to date are:

- JORC (2012) compliant Mineral Resource;
- Historical drilling, drilling by the Group, geological modelling and a high density geophysical survey conducted by the Company in 2012 confirm tonnage upside potential;
- 30 year Mining Right granted;
- Environmental licence (EIA) in place for the Moonlight mining area (approved 4 April 2013);
- Metallurgical test work indicates the potential for high quality concentrate and/or pellets with in excess of 69% iron content and low deleterious elements (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- The quality of product that can potentially be produced at Moonlight is a clear differentiator against its industry peers, as is the access to infrastructure (port, power and rail);
- Duferco offtake partner (4.5 Mtpa plus first right on a further 1.5 Mtpa if not sold domestically). South Africa currently has a growing demand for high grade iron concentrate and/or pellets for its steel industry;
- Independent valuation by The Mineral Corporation completed in June 2014 - this valuation served as the basis for the recent BVI (Ovation Capital) transaction;
- BEE compliant South African investment company (BVI) will provide a completed BFS to the Group by 2018/19 at no expense to the Group in return for a 39-43% equity position in the Project;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power plant (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for potential export of future iron ore products; and
- Local community, Ga-Seleka, has an effective 3% carried interest in the Project.