



**EUROPEAN LEAD ZINC
EXPLORATION**

FERRUM CRESCENT LTD

Ferrum Crescent Limited
ACN 097 532 137

Half-Year Financial Report
for the period
1 July 2017 – 31 December 2017

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Ferrum Crescent Limited

ACN 097 532 137

Directors' Report

Your directors present their report on Ferrum Crescent Limited ("Ferrum", the "Company" or, together with its controlled entities, the "Group") for the half-year from 1 July 2017 to 31 December 2017.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Evan Kirby		
Laurence Read		
Myles Campion	Appointed	17 October 2017
Colin Bird	Appointed	12 January 2018
Daniel Smith	Appointed	16 January 2018
Justin Tooth	Resigned	26 September 2017
Grant Button	Resigned	1 February 2018

Review and results of operations

Operating Results

During the half-year 1 July 2017 to 31 December 2017, the Group recorded a net loss after tax of AUD 712,548 (1 July 2016 to 31 December 2016: net loss of AUD 688,661).

Spanish lead-zinc portfolio

The Company announced in July 2017 that the 1,046.9m metres exploration drill programme at its wholly owned Toral Project, located in the province of León, Spain, to determine the presence of near surface mineralisation had returned core containing visible lead-zinc from every one of the 6 drill holes completed. The Assays from the holes were sent to laboratories, where the results confirmed the presence of lead-zinc anomalies at the intersections in all 6 holes in September 2017.

The results of the key intersections encountered (all widths given along the core are as below:

- Hole TOR17009 1 metre grading at 1.22%Pb, 9.77%Zn (10.99% combined Pb/Zn);
- Hole TOR17012 3 metres grading at 0.64%Pb, 6.46%Zn (7.10% combined Pb/Zn);
- Hole TOR17012 1 metre grading at 0.67%Pb, 16.10%Zn (16.77% combined Pb/Zn);
- Hole TOR17013 1 metre grading at 6.51%Pb, 6.50%Zn (13.01% combined Pb/Zn); and
- Hole TOR 17013 3 metres grading at 6.03%Pb, 5.49%Zn (11.52% combined Pb/Zn).

The tables below contain the Toral Project Drilling Results:

Table 1¹: Drill-hole information

Hole ID	Hole Type	Depth (m)	Dip	Azimuth	Grid	East	North	RL	EPM
TOR17008	DDR	108.5	-45	211.5	ETRS89	680958.59	4710012.46	468.44	Toral 15.199
TOR17009	DDR	235.3	-45	196.7	ETRS89	680982.73	4710058.36	456.25	Toral 15.199
TOR17010	DDR	120.0	-45	197.5	ETRS89	680936.14	4710048.76	441.60	Toral 15.199
TOR17011	DDR	83.2	-45	208.0	ETRS89	680867.59	4710054.13	416.54	Toral 15.199
TOR17012	DDR	259.0	-50	28.0	ETRS89	680716.93	4709924.96	416.54	Toral 15.199
TOR17013	DDR	240.9	-50	190.2	ETRS89	681038.30	4710093.19	458.07	Toral 15.199

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Directors' Report

Table 2: Significant Intercepts¹

Drillhole	from	to	length (m)	Pb %	Zn %	Pb+Zn %
TOR17009	140.35	141.35	1.0	1.22	9.77	10.99
TOR17009	141.35	142.35	1.0	3.26	1.45	4.71
TOR17009	140.35	142.35	2.0	2.24	5.61	7.85
TOR17009	134.35	144.35	10.0	continuous anomaly zone of Pb+Zn >0.05%		
TOR17012	176.3	177.3	1.0	0.67	16.10	16.77
TOR17012	177.3	178.3	1.0	0.54	1.33	1.87
TOR17012	178.3	179.3	1.0	0.72	1.95	2.66
TOR17012	176.3	179.3	3.0	0.64	6.46	7.10
TOR17012	175.3	185.3	10.0	continuous anomaly zone of Pb+Zn >0.05%		

¹ The above tables can be viewed in the Company's market announcement lodged on the ASX platform on 7 September 2017

In October 2017, the Company announced a revised exploration strategy for the Toral project. The new strategy is led by newly appointed Executive Director – Myles Campion, and Executive Director – Laurence Read. Working directly with the independent resource consultancy, Addison Mining Services (AMS), by December 2017, the Company completed data location checks, data collection and analytical review procedures, including check sampling for the purpose of verification and validation of the project's new database for use in the JORC 2012 compliant and estimation. Quality control data assessment and check sample analytical results were still pending at the end of the period.

During the site audit, AMS conducted review, observation and discussion on geological setting, structural architecture and controls on mineralization. Work was underway during December 2017 for the development of a new deposit model, based on FCR's views at the time on controls and mechanisms of mineral deposition incorporating the identification and interpretation of thrust repeat and parallel mineralize zone development.

Data Verification

Following the review of mineralised intersections and associated multi-element data, and the previous 2013 NI43-101 resource model at Toral, the presence of precious metals has been identified as being part of the mineralised system, typical of a carbonate hosted, structurally controlled Pb-Zn deposit of this nature. Silver grades have been historically recorded but at the period end, had not been verified through normal Quality Assurance/Quality Control procedures. Accordingly, the Company, in association with AMS, undertook further data verification and analysis in order to verify the silver (Ag) grades present within the Toral system. FCR intends to incorporate the silver data sets into the JORC (2012) resource estimate following agreement with AMS. If the silver data can be verified and is of sufficient certainty to be reported on under JORC (2012), then the resource will be expanded and remodelled with completion still expected in early 2018.

The Company announced on the 22nd November 2017 that following a formal application to the Director General of Mines in the Province of León, the exploration licence in respect to Toral had been renewed for a further 3 year term to November 2020.

The Moonlight project – South Africa

During June 2017, the Company entered into a legally binding agreement for the sale of Batavia Ltd ("Batavia"), its wholly-owned Mauritian subsidiary which is the investment holding company for all the Group's South African Assets, including the Moonlight iron ore project in Limpopo Province, northern South Africa (the "Moonlight Project"), to NPSPL Africa Holdings Limited and its BEE partner, Ngwenya Capital (Pty) Limited. The Board had decided to terminate all activities and expenditures in South Africa due to the depressed iron ore market and the project's high capital cost and infrastructure requirements.

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Directors' Report

Competent person's statement

The information above that relates to Exploration Results is based on information compiled by Mr Juki Laurikko who is a Member of the European Federation of Geologists which is a Recognised Professional Organisation for the purposes of the 2012 JORC Code. Mr Laurikko is a Technical Consultant to the Company, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Laurikko consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear. Mr Laurikko has also reviewed and approved the technical information in his capacity as a qualified person under the AIM Rules.

Corporate

On 8 September 2017, the Company announced that it had conditionally raised in aggregate, GBP193,304 (approximately AU\$321,590) before expenses through a placement via Peterhouse Corporate Finance Limited, as agent to the Company, of 214,782,526 new ordinary shares of no par value each in the capital of the Company at a price of 0.09 pence per new ordinary share. The placement was completed on 14 September 2017.

On 26 September 2017, the Company announced that Mr Justin Tooth, Executive Chairman has resigned from the Board of Directors of the Company with immediate effect, in order to pursue his other business interests. Additionally, Mr Laurence Read, previously a Non-executive Director, become an Executive Director.

Following a comprehensive operational subsequent to the Board changes in September 2017, the Company announced that the Board believed it is possible to pursue a strategy to build value at the Toral lead-zinc asset for a cost lower than originally planned, and therefore, the full A\$2.7million which the Board originally envisaged would be required to be raised in a placing, may not be required. As a result, the Board decided to withdraw Resolution 1, seeking shareholder approval to raise up to A\$2.7million by way of private placement, from the upcoming general meeting on the 18th October 2017.

On 17 October 2017 the Company announced the appointment of Mr Myles Campion as an Executive Director. Mr Campion has a comprehensive background in all technical and financial facets of the resources sector, specialising internationally in resource evaluation and project assessment. This follows a 10-year career as an exploration and mine site geologist in Australia covering base metals and gold. He holds a BSc (Hons) in Geology from University of Wales College, Cardiff and an MSc (MinEx) from the Royal School of Mines in London, and also holds a Graduate Diploma of Business (Finance). Mr Campion's financial experience ranges from Australian and UK equities research through to project and debt financing in London, covering the entire spectrum of mining companies with an extensive knowledge of the global resources market covering the three main bourses, the Toronto Stock Exchange, AIM and the ASX. This knowledge was applied effectively as a Fund Manager at Oceanic Asset Management, where he successfully managed the Australian Natural Resources Fund, an Open Ended Investment Company (OEIC) traded in London.

At a General Meeting held on 18 October 2017, shareholders approved resolution 2 relating to the ratification of a previous capital raising.

On 2 November 2017, the Company announced that it had raised £185,250 before expenses through a placement via Beaufort Securities of 370,499,858 new ordinary shares of no par value each in the capital of the Company at a price of 0.05 pence per new ordinary share together with the issue of 185,249,929 options (the "Placing Options") exercisable at a price of 0.075 pence per new ordinary share for a period of thirty months from the date of issue. In addition to the abovementioned issue of 185,249,929 Placing Options, the Company had agreed to issue a further 50,000,000 options to Beaufort Securities Limited, exercisable at a price of 0.075 pence per new ordinary share, for a period of thirty months from their date of issue (the "Broker Options"). The issue of both the Placing Options and the Broker Options is subject to shareholder approval at a General Meeting of the Company.

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Directors' Report

Events subsequent to reporting date

On 12 January 2018, the Company announced the appointment of Mr Colin Bird as a Non-Executive Director and Chairman of the Company. Mr Bird is a chartered mining engineer with extensive multi-commodity mine management experience in Africa, Europe, Latin America and the Middle East. Mr Bird's operational and corporate experience, includes the development of the Jubilee Metals Group production portfolio, concentrating on Platinum Group Metals in South Africa, in addition to the successful sale of Kiwara plc. Kiwara plc was sold to First Quantum Minerals (TSX: FM) for US\$260 million in November 2009, whilst its project was undertaking infill drilling at the Kalumbila copper-nickel deposit in north-western Zambia.

On 16 January 2018, the Company announced the resignation of Mr Grant Button as Company Secretary and the appointment of Mr Daniel Smith as a Non-Executive Director and Company Secretary. Mr Smith is a member of the Australian Institute of Company Directors and the Governance Institute of Australia and has over 10 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, over a dozen IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement. Mr Smith is also currently Company Secretary for Taruga Gold Limited and Love Group Global Limited, both listed on the ASX. He holds a BA in International Relations from Curtin University, Western Australia.

The Company advised the change of its Australian Principal and Registered office address, as well as its mailing and contact details on the 23rd January 2018.

On 1 February 2018 the Company announced the resignation of Mr Grant Button as a Non-Executive Director.

On 30 January 2018 and 6 February 2018, the Company released to the market a Maiden Inferred Mineral Resource estimate completed in accordance with JORC (2012) in respect of the Toral Project, Spain. A new block model combined with an initial digital geological model has increased the level of understanding of the mineralogical and geological controls at Toral, and the Company is therefore confident of being able to enhance and potentially expand the resource going forwards, subject to undertaking additional drilling and exploration activities.

Maiden JORC Resource, Toral Project

The Inferred source for the Toral Pb-Zn-Ag mineralisation located on the Toral property has been estimated at various cut-offs (see Table 3 below). The Company reviewed the new model with AMS, and concluded that a 4% cut-off was appropriate utilising estimated mining parameters typical for similar types of projects and mineralogy, and a historical three-year trailing average for metal prices.

Zn Price Used: US\$ 2,400/t US\$/lb1.09
Pb Price Used: US\$ 2,400/t US\$/lb0.91
Ag Price Used: US\$ 17/oz

The maiden resource successfully identified potentially economic mineralisation ranging from surface to approximately 1,100m below surface. The block model currently extends for a strike length of 3,300m and is still open to the east long strike and also at depth where it has not yet been closed off.

Cut Off Zn Eq (PbAg)%	Tonnes (Millions)	Density	Zn Eq (Pb)%	Zn Eq (PbAg)%	Zn %	Pb %	Ag g/t	Zn Tonnes (1000's)	Pb Tonnes (1000's)	Ag Troy Oz (Millions)
6.0	9	2.65	8.8	9.5	5.0	4.3	31	470	400	9
5.0	12	2.57	7.8	8.4	4.6	3.7	28	580	470	11
4.0	16	2.52	6.9	7.5	4.0	3.3	25	670	540	13
3.0	20	2.50	6.2	6.7	3.7	2.9	23	750	600	15

Table 3: Summary of **Inferred mineral resources** for the Toral property reported at a 4.0% Zn equivalent

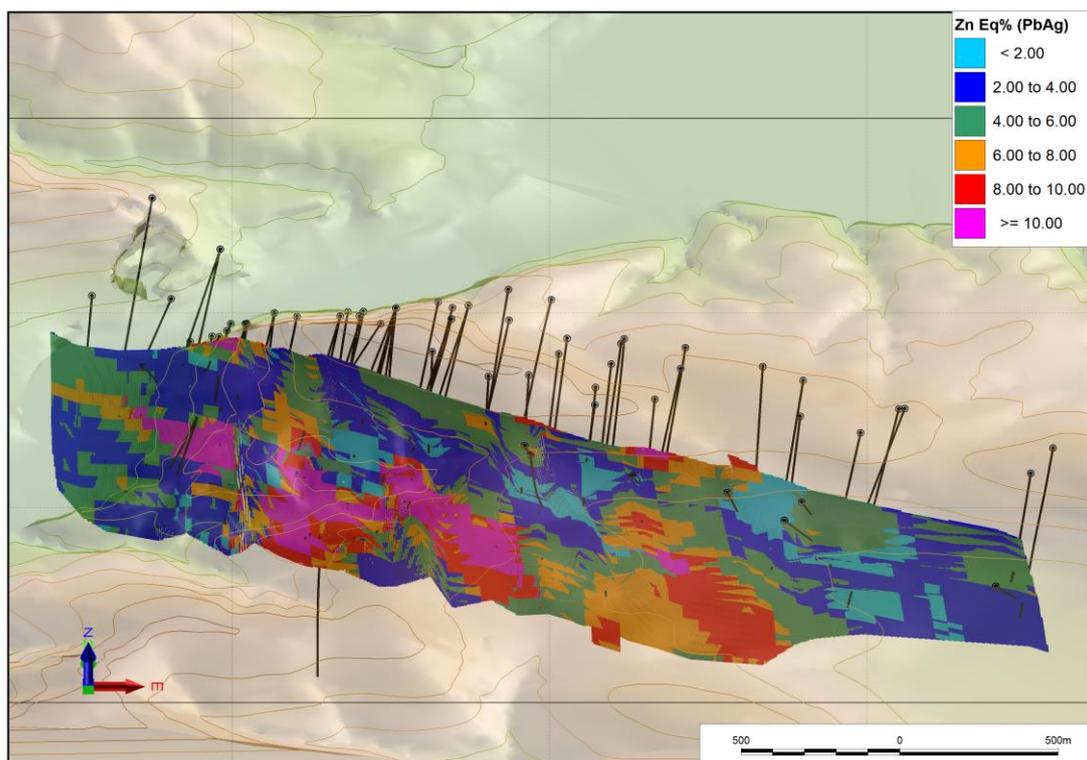


Figure 1: AMS' resource block model for Toral as a 3D view looking north

The Company announced on 9 February 2018 the expiry of 2,000,000 unlisted options exercisable at GBP0.0075 and 3,000,000 unlisted options exercisable at GBP0.002 on or before 2 February 2018, which had lapsed unexercised.

On 6 March 2018, the Company announced that Peterhouse Corporate Finance Limited is now sole broker to the Company, pursuant to the AIM Rules, following an announcement made on 2 March 2018 regarding Beaufort Securities Limited ("BSL") and Beaufort Asset Clearing Services Limited ("BACSL") being placed into administration and that the Financial Conduct Authority (the "FCA") has imposed requirements on BSL and BACSL to cease all regulatory activity. BSL was a joint broker to the Company, however due to the requirements imposed by the FCA, BSL will no longer be able to provide broking services to the Company.

Competent Persons Statement

The Toral maiden resource estimate was prepared by Mr. J.N. Hogg, MSc. MAIG Principal Geologist for AMS, who is an independent Competent Person within the meaning of the JORC (2012) code. The maiden resource estimate was aided by Mr R. J. Siddle, MSc, MAIG under the guidance of the competent person. Mr. Hogg has reviewed and verified the technical information that forms the basis of and has been used in the preparation of the current mineral resource estimate and this news release, including all analytical data, diamond drill hole logs, QA/QC data, density measurements, and sampling, diamond drilling and analytical techniques. Mr Hogg consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

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Directors' Report

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 9.

Dated at Perth this 16th day of March 2018

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Laurence Read', with a stylized, cursive script.

Laurence Read
Director

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF FERRUM CRESCENT LIMITED

As lead auditor for the review of Ferrum Crescent Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ferrum Crescent Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2018

Ferrum Crescent Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	6 months to 31 December 2017 AUD	6 months to 31 December 2016 AUD
Revenue from continuing operations			
Revenue	3(a)	8	11,409
Other Income	3(b)	71,294	184,378
		71,302	195,787
Fair value gain on financial instrument	3(c)	-	102,523
Exploration expenditure		(180,019)	(174,645)
Foreign exchange gain		25,787	64,165
Share based payments		-	(7,733)
Other expenses	3(d)	(629,618)	(766,235)
Impairment of minority interest obligation	3(c)	-	(102,523)
Loss before income tax		(712,548)	(688,661)
Income tax (expense)/benefit		-	-
Net loss after income tax		(712,548)	(688,661)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net exchange gain / (loss) on translation of foreign operation		71,813	(141,136)
Other comprehensive (loss) for the period, net of tax		71,813	(141,136)
Total comprehensive (loss) for the period		(640,735)	(829,797)
Net (loss) for the period is attributable to shareholders of the Company:			
		(712,548)	(688,661)
		(712,548)	(688,661)
Total comprehensive (loss) for the period attributable to shareholders of the Company:			
		(640,735)	(828,797)
		(640,735)	(829,797)
(Loss) per share attributable to the ordinary equity holders of the Company			
Loss per share		Cents per share	Cents per share
- basic (loss) per share		(0.026)	(0.05)
- diluted (loss) per share		(0.026)	(0.05)

The above consolidated statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Ferrum Crescent Limited
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Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 AUD	30 June 2017 AUD
Current Assets			
Cash and cash equivalents		364,404	503,891
Trade and other receivables		101,000	96,147
Other current financial assets		-	14,344
Total Current Assets		465,404	614,382
Non-current Assets			
Plant and equipment		19,758	21,865
Capitalised Exploration	4	1,262,066	1,180,488
Total Non-current Assets		1,281,824	1,202,353
Total Assets		1,747,228	1,816,735
Current Liabilities			
Trade and other payables		221,466	242,804
Provisions		-	3,538
Total Current Liabilities		221,466	246,342
Total Liabilities		221,466	246,342
NET ASSETS		1,525,762	1,570,393
Equity			
Contributed equity	5	36,527,836	35,931,732
Reserves		2,194,138	2,122,325
Accumulated losses		(37,196,212)	(36,483,664)
TOTAL EQUITY		1,525,762	1,570,393

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Ferrum Crescent Limited

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Consolidated Statement of Changes in Equity

For the half-year from 1 July 2017 to 31 December 2017

	Contributed Equity AUD	Accumulated Losses AUD	Employee Share Incentive Reserve AUD	Option Reserve AUD	Foreign Exchange Reserve AUD	Equity Reserve AUD	Total Equity AUD
At 1 July 2016	33,049,490	(24,424,297)	491,577	1,548,840	179,121	(10,126,072)	718,659
(Loss) for the period	-	(688,661)	-	-	-	-	(688,661)
Other comprehensive income (net of tax)	-	-	-	-	(141,136)	-	(141,136)
Total comprehensive loss (net of tax)	-	(688,661)	-	-	(141,136)	-	(829,797)
Transaction with owners in their capacity as owners'							
Options issued under employee option plan	-	-	-	7,733	-	-	7,733
Options issued as part of purchase of Goldquest Iberica	-	-	-	49,173	-	-	49,173
Shares issued net of transaction costs	2,562,467	-	-	-	-	-	2,562,467
At 31 December 2016	35,611,957	(25,112,958)	491,577	1,605,746	37,985	(10,126,072)	2,508,235
At 1 July 2017	35,931,732	(36,483,664)	491,577	1,609,070	21,678	-	1,570,393
(Loss) for the period	-	(712,548)	-	-	-	-	(712,548)
Other comprehensive income (net of tax)	-	-	-	-	71,813	-	71,813
Total comprehensive loss (net of tax)	-	(712,548)	-	-	71,813	-	(640,735)
Transaction with owners in their capacity as owners'							
Shares issued net of transaction costs	596,104	-	-	-	-	-	596,104
At 31 December 2017	36,527,836	(37,196,212)	491,577	1,609,070	93,491	-	1,525,762

The above consolidated statement of changes in equity should be read in conjunction with the accompanying note

Ferrum Crescent Limited
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Consolidated Statement of Cash Flows

For the period 1 July 2017 to 31 December 2017

	Note	6 months to 31 December 2017 AUD	6 months to 31 December 2016 AUD
Cash flows from operating activities			
Interest received		8	2,305
Payments to suppliers and employees		(598,894)	(852,709)
Payment for exploration and evaluation costs		(122,484)	(179,456)
Receipts from customers		-	9,104
Net cash flows used in operating activities		(721,370)	(1,020,756)
Cash flows from investing activities			
Payments for plant and equipment		(22,186)	(444)
Payment for acquisition of Goldquest assets		-	(937,157)
Net cash flows from / (used in) investing activities		(22,186)	(937,601)
Cash flows from financing activities			
Proceeds from issue of shares		638,777	2,833,467
Costs of capital raising		(42,672)	(271,000)
Net cash flows from financing activities		596,105	2,562,467
Net increase / (decrease) in cash and cash equivalents		(147,452)	604,110
Cash and cash equivalents at beginning of period		503,891	743,264
Effect of foreign exchange on cash and cash equivalents		7,965	(62,887)
Cash and cash equivalents at end of period		364,404	1,284,487

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements
For the half year ended 31 December 2017

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate information

The financial report of Ferrum Crescent Limited for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 16 March 2018. Ferrum Crescent Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX) and London Stock Exchange (AIM).

The nature of operations and principle activities of the Group are described in the Directors' Report.

Basis of preparation

The half-year financial report is a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Ferrum Crescent Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The half-year report has been prepared on a historical cost basis. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

Adoption of new and revised Accounting Standards

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2018 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2017 that have been applied by Ferrum Crescent Limited. The 30 June 2017 annual report disclosed that Ferrum Crescent Limited anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2017.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies

Going Concern

As at 31 December 2017, the Group had working capital of \$243,938 (current assets less current liabilities) with cash on hand of \$364,404 and a net loss of \$712,548. The Group also has exploration expenditure commitments. The operating commitments of the Group will require further funding in the next twelve months.

Notes to the consolidated financial statements
For the half year ended 31 December 2017

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION AND ACCOUNTING POLICIES
(continued)

Going Concern (continued)

The ability of the Group to continue as a going concern is principally dependent upon its ability to raise further funds as required from the issue of equity. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis the Group will continue to meet their commitments and can therefore continue normal business activities and realise its assets and settle liabilities in the normal course of business.

In arriving at this position, the Directors are confident of the ability of the Group to raise capital and are reviewing other funding alternatives including:

- managing the Company's working capital requirements; and
- raising additional funds via debt if required.

The Directors have reasonable grounds to believe that they will be able to complete any required future capital raising and achieve any other one of the above funding alternatives.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTE 2: SEGMENT INFORMATION

The Group currently has one main operating segment, which involves mining exploration for zinc in Spain. The Group's previous mining exploration for iron ore in South Africa has been divested as at 30 June 2017. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers). Accordingly, all significant operating decisions are based upon analysis of the Group as a whole. The financial results from these segments are equivalent to the financial statements of the Group as a whole.

Geographic Information	Note	Corporate		South Africa		Spain		Consolidation	
		Dec 2017	Dec 2016	Dec 2017	Dec 2016	Dec 2017	Dec 2016	Dec 2017	Dec 2016
		\$	\$	\$	\$	\$	\$	\$	\$
Revenue from external customers	3	-	-	-	9,104	-	-	-	9,104
Current assets		366,376	1,258,109	-	174,055	99,027	41,073	465,404	1,473,237
Non - current assets		2,596	1,049,422	-	50,009	1,279,229	26,236	1,281,824	1,125,667
Current liabilities		(226,894)	(140,809)	-	(248,942)	5,428	(14,368)	(221,466)	(404,119)
Net assets / (liabilities)		142,078	2,166,722	-	(24,878)	1,383,684	52,941	1,525,762	2,194,785

Notes to the consolidated financial statements
For the half year ended 31 December 2017

NOTE 3: REVENUE AND EXPENSES

The loss for the half-year includes the following items:

	31 Dec 2017	31 Dec 2016
	AUD	AUD
(a) Revenue		
Turnover	-	9,104
Interest received	8	110
Investment income	-	2,195
Total Revenue	8	11,409
(b) Other Income		
Income from third party advance payment	-	184,378
Other Income	71,294	-
	71,294	184,378
(c) Fair value (losses)/gains		
Fair value (loss)/gain on financial instrument	-	102,523
Impairment of minority interest obligation	-	(102,523)
	-	-

The above financial asset was fair valued as at 30 June 2017 to nil. The fair value was based on a probability weighted approach with the key assumptions being Ferrum's share price, foreign exchange rates and credit risk.

(d) Other expenses

Other expenses include the following:

- Depreciation	7,609	2,697
- Consulting services	56,846	226,874
- Employment related services	35,998	91,700
- Other	529,165	444,964
	629,618	766,235

Notes to the consolidated financial statements
For the half year ended 31 December 2017

NOTE 4: EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2017	30 Jun 2017
	AUD	AUD
Opening Balance	1,180,488	243,331
Cash and shares issued	-	937,157
Foreign exchange movement	81,578	-
Closing balance	<u>1,262,066</u>	<u>1,180,488</u>

On 15 February 2016, the Company entered into an exclusive option and sale agreement for a staged option fee of up to GBP22,500, with TH Crestgate GmbH ("Crestgate"), a private Swiss-based company potentially to acquire 100% of its indirectly wholly-owned subsidiary, GoldQuest Iberica, S.L. ("GoldQuest"), a private company incorporated in Spain, which owns 100 per cent. of two lead-zinc exploration projects in the provinces of León and Galicia, in historic Spanish mining areas ("the Iberian Projects"), to enable the Company to conduct due diligence on GoldQuest and the Iberian Projects.

Subsequent to the Company entering into an exclusive option to acquire 100 percent of GoldQuest, two nil-cost extensions were granted to the Company on 22 July 2016 and 31 August 2016. Subsequently, on 22 September 2016 the option was exercised. Accordingly, the Company has now acquired 100 per cent. of the share capital of GoldQuest. The consideration comprised GBP326,500 in cash and the issue of 100 million new ordinary shares in the capital of the Company.

The purchase of Goldquest was split into 2 transactions the details of which are set out below:

I. Original option payments

On 16 February 2016, the first cash portion of GBP1,000.00 was paid to Crestgate.

On 17 February 2016, 4,515,041 ordinary shares were issued to Crestgate at a price of GBP 0.00144 per share.

On 1 April and 20 April 2016, the second and third cash payments of GBP7,500.00 each respectively were paid to Crestgate.

On 25 May 2016 an amount of GBP92,500.00 was placed into a trust account with Crestgate's lawyers until the option to purchase was concluded, which would form part of the final purchase price.

On 31 May 2016, 5,000,000 ordinary shares were issued to Crestgate at a price of GBP0.0013 per share.

II. Final purchase consideration

On 15 September GBP234,000 was paid to Crestgate as the final cash portion of the purchase of GoldQuest.

On 30 September 2016, the Company issued 100,000,000 new ordinary shares of no par value each in the capital of the Company to GoldQuest Mining (Spain) Corp. These shares were issued in settlement of the share element of the consideration for the acquisition of 100 per cent of the issued share capital of GoldQuest Iberica, S.L. The shares are fully paid and rank pari passu in all respects with the Company's existing ordinary shares.

Notes to the consolidated financial statements
For the half year ended 31 December 2017

NOTE 4: EXPLORATION AND EVALUATION EXPENDITURE (continued)

II. Final purchase consideration (continued)

The above transaction also incurred legal and administrative fees of AUD131,788. The total purchase consideration was AUD1,180,488 made up as follows:

	30 September 2016
Purchase consideration	
100,000,000 ordinary shares issued to Goldquest Mining (Spain) Corp.	391,495
9,515,041 ordinary shares issued to TH Crestgate GmbH	25,841
Cash consideration	631,364
Acquisition costs	131,788
	<u>1,180,488</u>
 Net assets acquired	
Cash and Equivalents	8,923
Property, Plant and Equipment	7,437
Deferred exploration and evaluation expenditure	1,744,515
Trade and other receivables	64,064
Trade and other payables	(6,386)
Third Party Loans	(771,253)
Notional Goodwill *	133,188
	<u>1,180,488</u>

* Fair Value attribution being the difference between consideration paid less fair value of identifiable net assets acquired

NOTE 5: CONTRIBUTED EQUITY

	31 Dec 2017 No. of Shares	30 June 2017 No. of Shares	31 Dec 2017 AUD	30 June 2017 AUD
(a) Share Capital summary				
Ordinary Shares				
Ordinary Shares fully paid	3,055,281,439	2,469,999,055	36,793,138	36,197,034
Less: Employee share plan shares	<u>(2,300,000)</u>	<u>(2,300,000)</u>	<u>(265,302)</u>	<u>(265,302)</u>
	<u>3,052,981,439</u>	<u>2,467,699,055</u>	<u>36,527,836</u>	<u>35,931,732</u>
 (b) Movements in employee share plan shares issued with limited recourse loans.			Number of Shares	\$
Opening Balance at 1 July 2017			2,300,000	265,302
Movement in employee share plan shares			-	-
31 December 2017			<u>2,300,000</u>	<u>265,302</u>

Notes to the consolidated financial statements
For the half year ended 31 December 2017

NOTE 5: CONTRIBUTED EQUITY (continued)

(c) Movements in ordinary share capital

		Half-Year 31 December 2017	
		Number	AUD
30-Jun-16	Opening Balance	1,282,791,883	33,314,792
29-Jul-16	Options Exercised	66,874,816	193,025
29-Jul-16	Additional Shares Issued	187,226,485	655,034
26-Aug-16	Options Exercised	44,797,543	128,184
29-Sep-16	Options Exercised	5,381,907	15,057
30-Sep-16	Shares issued to GoldQuest	100,000,000	400,000
7-Oct-16	Options Exercised	181,560,288	491,242
25-Nov-16	Options Exercised	769,231	2,126
12-Dec-16	Placing shares – Beaufort Securities	275,218,025	939,770
19-Dec-16	Options Exercised	3,205,088	9,029
	Costs associated with share issues		(271,000)
31-Dec-16	Closing Balance	2,147,825,266	35,877,259
1-Jul-17		2,469,999,055	36,197,034
14-Sep-17	Placing shares – Peterhouse Corporate Finance	214,782,526	321,590
8-Nov-17	Placing Shares - Beaufort Securities	370,499,858	317,187
	Cost associated with share issues		(42,672)
31-Dec-17	Closing Balance	3,055,281,439	36,793,138
Less:	Employee share plan shares on issue (b)	(2,300,000)	(265,302)
		3,052,981,439	36,527,836

NOTE 6: CONTINGENCIES AND COMMITMENTS

The Group has had no material change in relation to any contingencies and commitments since the 30 June 2017 audit.

NOTE 7: RELATED PARTY TRANSACTIONS

Other than those transactions disclosed elsewhere in the financial report there have been no new related party transactions with Directors, key management personnel or related parties in the current period.

In accordance with ASX Listing Rule 3.16.4, the Company advises the following material terms of Mr Campion's employment contract:

1. Base salary of GBP 52,500 per annum, excluding statutory contributions to National Insurance and Pension required under UK Law;
2. The contract has no fixed term and may be terminated by either party on six months' notice (or in the case of termination by the Company, payment in lieu of such notice); and
3. Mr Campion will be eligible to participate in employee incentive schemes operated by the Company from time to time on such terms as the Board may decide.

Notes to the consolidated financial statements
For the half year ended 31 December 2017

NOTE 8: EVENTS OCCURRING SUBSEQUENT TO THE REPORTING DATE

On 12 January 2018, the Company announced the appointment of Mr Colin Bird as a Non-Executive Director and Chairman of the Company.

On 16 January 2018, the Company announced the resignation of Mr Grant Button as Company Secretary and the appointment of Mr Daniel Smith as a Non-Executive Director and Company Secretary.

On 1 February 2018 the Company announced the resignation of Mr Grant Button as a Non-Executive Director.

The Company announced on 9 February 2018 the expiry of 2,000,000 unlisted options exercisable at GBP0.0075 and 3,000,000 unlisted options exercisable at GBP0.002 on or before 2 February 2018, which had lapsed unexercised.

Directors' Declaration

In accordance with a resolution of the directors of Ferrum Crescent Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2017 and the performance for the period 1 July 2017 to 31 December 2017; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; other mandatory professional reporting requirements and
- (b) subject to the disclosure in Note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Laurence Read
Director
Perth
16th March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ferrum Crescent Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Ferrum Crescent Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to the note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 16 March 2018