Ferrum Crescent Limited

ACN 097 532 137

Half-Year Financial Report
for the period
1 July 2012 to 31 December 2012

Contents

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 2012 to 31 December 2012.

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.

Ed Nealon
Bob Hair
Klaus Borowski
Kofi Morna
Ted Droste
Grant Button

Review and results of operations

Operating Results

During the half-year 1 July 2012 to 31 December 2012, the Group recorded a net loss after tax of AUD 1,109,961 (1 July 2011 to 31 December 2011: net profit of AUD 5,160,255). As at 30 June 2011, a financial liability was created in the accounting for the BEE share subscription agreement. Australian Accounting Standards require this liability, which will be satisfied by the issue of the shares, to be re-measured each reporting period to its fair value. The assessment of fair value is significantly impacted by the market value of the shares to be issued in comparison with the subscription price denominated in RAND. As at 31 December 2012, this liability had decreased as a result of a movement in the underlying Company share price and the AUD/RAND exchange rates and the settlement of the first tranche of the BEE share subscription which happened on 28 November 2012. The second tranche was due to be finalised within 120 days from 28 November 2012 as per the terms of the BEE share subscription agreement, however, this has been extended by 3 months to 28 June 2013.

Principal Activities during the half-year

<u>Moonlight Iron Ore Project</u>

Work during the past six months has focused on confirmation of availability of infrastructure requirements for the various aspects of the project including the pipeline route, plant location and pipeline access at Lephalale and beneficiation processes. The Company has also identified pipeline engineering and mining contractors and received expressions of interest from suppliers of processing plant equipment. The major infrastructure requirements of rail, power, water and port terminals are to be supplied by State owned entities (Transnet, Eskom, Trans Caledon Water Authority and Transnet Port Terminals) and various engagements with these entities have been progressed to co-ordinate the needs of the project with the planned upgrades in progress to service the Waterberg coalfield developments.

<u>Mining Right</u>

During the half-year, the Company announced the grant of its New Order mining right in respect of the Moonlight Iron Ore Project for the iron ore deposit located within the farms Moonlight, Julietta and Gouda Fontein.

The Company received written confirmation from the South African Department of Mineral Resources of the grant of the new order mining right in terms of the Minerals and Petroleum Resources Development Act 28 of 2002, effective for a term of thirty years.

The Moonlight Mining Right (which was granted in May 2012) was executed under applicable South African law and registered.

Directors' report (cont.)

Updated Resource

The Mineral Corporation Consultancy (Pty) Ltd ("The Mineral Corporation") was commissioned to carry out an updated JORC compliant Mineral Resource estimate taking into account the results of the phase 3 drilling and assays on the Moonlight deposit ("the Report"). Phase 3 consisted of 11 holes totalling 990m of diamond core drilling and 13 holes totalling 1,600m of reverse circulation ("RC") drilling. The Mineral Corporation has conducted a thorough re-interpretation of the geological structure of Moonlight, based on historical South African Iron and Steel Industrial Corporation ("Iscor") data collated and validated by Ferrum and recent Ferrum exploration results. Within the constraints of having a cut-off grade of 16% iron, geological losses of 5% and a depth constraint of between 100m and 250m, depending upon dip and the number of mineralised zones present, the JORC compliant Mineral Resources at Moonlight are now estimated to be as follows:

Category	Gross					Net (attributable to Ferrum Crescent at 97%)				
	Tonne (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	Contained Fe (Mt)	Tonne (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	Contained Fe (Mt)
Inferred	172.1	25.3	51.2	4.8	43.5	166.9	25.3	51.2	4.8	42.3
Indicated	83.0	27.4	50.1	4.0	22.7	80.5	27.4	50.1	4.0	22.1
Measured	52.6	31.3	47.3	2.5	16.5	51.0	31.3	47.3	2.5	16.0
Total	**307.7**	**26.9**	**50.3**	**4.2**	82.8	298.5	**26.9**	**50.3**	**4.2**	80.3

Tonne are rounded

Note: Ferrum is the operator and owns 97% of the Moonlight Project

Based on these results, your directors believe that whilst the total average Fe grade has decreased slightly (previously estimated to be a JORC compliant Mineral Resource of 74Mt @ 33% Fe in the Indicated Resource category and 225Mt @ 29% Fe in the Inferred Resource category), the tonnage has increased proportionately along with a substantial increase in the confidence and classification of the Mineral Resource. Furthermore, your directors are of the opinion that the depth constraint of 250m (maximum) is conservative, particularly as the previous estimation was not constrained in this way.

Drilling Technique
Drilling data from Iscor and three phases of Ferrum Crescent exploration inform the estimates. The drilling comprised open hole, RC and diamond core drilling and was all vertical. A total of 122 RC holes and 89 diamond core holes were accepted for the estimates.

Sampling Technique
Limited information on the sampling techniques for the Iscor data is known. For the Ferrum Crescent exploration, industry standard sampling techniques were adopted. RC samples (1m-2m) were riffle split on site and diamond core samples were halved with a diamond saw. Primary samples and quality control samples were submitted for analysis to Genalysis Laboratory Services (Johannesburg) for analysis by Intertek Utama Services (Jakarta).

Drill Sample Recovery
Limited information on the sample recovery for the Iscor data is known. With the exception of surficial rubble, the sample recovery through the mineralised zones for the Ferrum Crescent exploration was acceptable.

Geological Logging
The Iscor data included electronic codes for the main lithological unit, certain sub-units, and the core bedding angles. All geological information during Ferrum Crescent exploration was logged in acceptable detail, and stored in an MS Access database. This included lithological, structural and geotechnical information.

Quality of Assay Data / QAQC
No information on the quality of assay data for the Iscor data was obtained. The Ferrum Crescent samples were analysed at an accredited laboratory (Genalysis / Intertek), and appropriate standards, blanks and duplicates inserted in the sample stream. The Mineral Corporation has reviewed the results from these control samples and considers the accuracy and reliability of the analyses to be acceptable.

Verification of sampling and assaying
The Iscor data was verified by means of the identification and re-surveying of borehole collars in the field, and by means of twin-drilling. On the basis of the twinning, the open-hole data from Iscor (142 holes) was considered unacceptable for Mineral Resource estimation. The remaining RC and diamond core drilling showed reasonably good correlation of mineralisation depth and abundance, and was considered acceptable.

Surveying
All Ferrum Crescent boreholes were surveyed by a registered surveyor. Of the Iscor holes, 127 collars were re-surveyed by a registered surveyor, and good correlation between the historical and Ferrum Crescent survey locations were found.

Directors' report (cont.)

Updated Resource (cont.)

Auditing
No audits of the Iscor exploration results, with the exception of the verification described above have been undertaken. The Mineral Corporation reviewed the results of the first two phases of Ferrum Crescent's drilling prior to carrying out the estimates. Phase 3 of Ferrum Crescent's exploration was carried out by The Mineral Corporation.

Database Integrity
The compiled database for the estimates was housed in an MS Access database. In addition to the verification and QA/QC already described, validation of the sampling data for over-lapping sampling intervals, duplicate samples and spurious data was carried out.

Geological Interpretation
A thorough re-interpretation of the geological structure and correlation between mineralised zones was carried out. Magnetite is interpreted to be hosted in four zones (Zone A to D), which have been subjected to folding, parallel to the regional (Limpopo Mobile Belt) orientation. Younger faulting, oriented parallel to and orthogonal to this trend, is interpreted. The geological interpretation is considered appropriate for the level of estimates, and the Mineral Resource classification takes the confidence in the interpretation into account.

Dimensions
D Zone is approximately 200m x 400m x 30m
C Zone (West) is approximately 1400m x 250m x 35m
C Zone (East) is approximately 1100m x 700m x 30m
B Zone is approximately 1500m x 800m x 25m
A Zone is approximately 1600m x 1200m x 17m

Geological Modelling
Wireframes representing the geological interpretation were generated to constrain the block model.

Drillhole Compositing Procedures
5m vertical borehole composites were utilised, informed by an assumed minimum mining height. These composites were not at right angles to the mineralised zones, but as the dips are shallow (7° to 30° and typically less than 20°) and a 3-dimensional block model was used, the use of vertical composites is unlikely to introduce any bias.

Variography
Variograms parallel to the dip of the mineralised zones were calculated and modelled. Vertical grade distribution utilised downhole variograms. Variograms of between 150m and 250m were obtained in the plane of the mineralised zone and between 7m and 30m downhole.

Drillhole spacing
The combination of Ferrum Crescent's exploration and the KIOL data has provided an acceptable drillhole spacing which ranges from 100m x 100m to 200m x 300m.

Block Model
Horizontal block dimensions were 50m x 50m and 5m in the vertical, informed by borehole spacing and a conceptual minimum mining unit. The block model was rotated to the average dip (12°).

Grade Estimation Methodology
Ordinary Kriging was employed for grade estimates. A three stage search strategy was employed. A minimum of 5 and a maximum of 20 samples was used within the range of the variogram for the first search. The second search was twice the volume of the first, and the third extended to the limits of the mineralised zones. The search and variogram ellipse were oriented to local dip and strike variations using "Dynamic Anisotropy" in Datamine Studio v3.

Accuracy and confidence
Plan and section plots were analysed to evaluate the adherence of the estimation methodology to the geological model. The methodology was found to honour the grade continuity trends, which are assumed to be parallel to the dip of the mineralised zones.

Moisture
Tonnage was calculated on a dry basis.

Bulk Density
The Iscor data included density measurements for all diamond core holes. No information was provided on the methodology used to obtain these density data. The diamond core data from Ferrum Crescent exploration included density measurements obtained by the 'water immersion' method. A strong correlation between density and Fe was observed, and used to estimate block density after grade estimation.

Mining Factors
A minimum mining unit of 50m x 50m x 5m aided in the selection of block size. Approximate stripping ratios were calculated to inform the maximum depth constraint for the Mineral Resources.

Directors' report (cont.)

Updated Resource (cont.)

Metallurgical Considerations
On the basis of preliminary test work, The Mineral Corporation has assumed that the Fe can be extracted by means of comminution and magnetic separation to form a magnetite concentrate.

Cut-off Parameters
A cut-off of 16% Fe and a maximum depth of between 250m and 100m depending upon dip and the number of mineralised zones was applied.

Resource classification
The borehole spacing, surface mapping, structural interpretation, variography and kriging error estimates inform Mineral Resources which are classified as Inferred, Indicated and Measured. In areas of well-defined geological structure and modest grade variability, the 100m x 100m grid is sufficient for Measured Mineral Resources.

Resource Reporting
The Mineral Resource estimates have been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

The Company announced the completion of an aeromagnetic survey over the Moonlight, Julietta and Gouda Fontein farms of its Moonlight Iron Ore Project. The survey consisted of 2,827 line kilometres on 50m line spacing over an area of 129 km^2. The Company, having had a close involvement in the coordination of the survey, is confident that the results of this survey will greatly assist in the planning of future exploration on the area covered by the Mining Right and in future mining operations.

The Mineral Corporation and its associates quality controlled the raw geophysical data, extracted and processed geophysical results from the data, provided a geological interpretation of the results, integrated these with the existing geological modelling and analysed the implication of these results for future exploration targets.

The magnetite-bearing quartzite, which comprises the Moonlight Deposit, provides high intensity magnetic anomalies that have permitted a detailed interpretation.

With regard to the current Mineral Resource area on Moonlight Farm, The Mineral Corporation is of the view that the geophysical results do not identify any significant inconsistencies in the existing structural interpretation, which informs the current Mineral Resource estimate. The geophysical results and interpretation support the existing structural interpretation with respect to the major interpreted fault orientations and with respect to Zone A, Zone B and Zone C West. The geophysical results suggest that the interpreted western extent of Zone C East and the sparsely drilled Zone D warrant review and further exploration to test the potential for additional mineralised zones.

The Mineral Corporation concludes that these results have identified targets on Moonlight Farm which could represent potential upside for the current Mineral Resources at a modest exploration cost. The geophysical data interpretation on the adjacent Julietta Farm and Gouda Fontein Farm confirms and significantly enhances the reconnaissance ground magnetic surveys that were carried out by Ferrum on these farms, and an important anomaly close to, but outside, the previously planned exploration drilling area has been identified. The improved understanding of the geology on Julietta and Gouda Fontein should enable the proposed exploration drilling plans on these farms to be substantially optimised.

The Company had announced previously that it advanced plans to implement a drilling programme on the farms Julietta and Gouda Fontein (which are covered by the granted Mining Right, along with the farm Moonlight) to increase the total resource estimate on the Moonlight Iron Ore Project. Your directors have now determined, given that it has sufficient resources on the Moonlight Farm to support mining for in excess of 20 years (for which the Group has an existing Mining Right and associated mining environmental approvals), that management attention is best focused at this time on obtaining definitive answers to logistical and related infrastructure questions including rail, power, water and port services to achieve the optimal infrastructure mix for the definitive feasibility study.

Directors' report (cont.)

Infrastructure

Positive discussions at a high level relating to rail, power, ports and water between the Company, Transnet and other South African infrastructure suppliers were held during the half year. In addition, Ferrum has been and continues discussing such infrastructure needs with other resources companies within the Waterberg region (where the anticipated Moonlight Iron Ore Project is located). These companies, particularly those within the coal mining sector, have similar infrastructure requirements to Ferrum, and initial discussions have led to a potentially more optimal outcome than being contemplated in the ongoing Definitive Feasibility Study ("DFS").

Corporate

Shareholder approvals were obtained during the half-year for the BEE "flip" (effectively the swap of Black Economic Empowerment interest in the Moonlight Iron Ore Project from the Turquoise Moon or project level for shares in Ferrum) and for the implementation of a salary sacrifice plan under which directors and executives may forego fees and salary and subscribe for shares in the Company.

During the half-year, tranche 1 of the BEE "flip" settled, resulting in the issue to the Company's BEE partner, Mkhombi AmaMato (Pty) Ltd of 25,281,620 fully paid ordinary shares in the Company and the transfer to the Group of Mkhombi AmaMato's shares in Mkhombi Investments (Pty) Ltd ("Mkhombi"), with the effect that the Group now legally holds 97% of the Moonlight Iron Ore Project. For accounting purposes Ferrum was considered to have acquired this ownership interest in Mkhombi in prior periods and accordingly already accounted for its effective interest of 97%.

Three officers elected to participate in the Ferrum salary sacrifice plan, with the result that 4,078,060 shares were issued to those officers during the half-year. In addition, 400,000 options with an exercise price of AUD 0.10 per option, were granted to a member of management.

600,000 options were also cancelled during July 2012.

Going Concern

The Group has current assets of AUD 2,667,817 as at 31 December 2012 (June 2012: AUD 3,666,576), incurred a net decrease in cash and cash equivalents for the six month period ended 31 December 2012 of AUD 1,505,865 (six months ended December 2011, a net decrease of AUD 3,035,666).Further, the Group will require additional funds to meet its forecasted expenditure for a period of not less than 12 months from the date of this report.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is therefore dependent upon a number of factors, including obtaining additional funding as and when required.

This financial report has been compiled on a going concern basis. In arriving at this position the directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration the fact that the Group continues to work on its Bankable Feasibility Study for the Moonlight Project and will source funding for that study from the market or from third party investment in the Moonlight Project.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Events subsequent to reporting date

On 22 February 2013 the Company signed a contract with Danieli & C. Officine Meccaniche S.p.A for the supply of engineering and technical services for the Moonlight Iron Ore Project. This contract forms part of the Bankable Feasibility Study that the Company is proceeding with and is expected to be carried out in approximately 15 months.

Competent Person's Statement:

The information that relates to Exploration Results and Mineral Resources in the report of which this statement is a summary, is based on information compiled by Stewart Nupen, who is registered with the South African Council for Natural Scientific Professionals (Reg. No. 400174/07) and is a member of the Geological Society of South Africa. Mr. Nupen is employed by The Mineral Corporation, which provides technical advisory services to the mining and minerals industry. Mr. Nupen 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 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' and as defined in the June 2009 Edition of the AIM Note for Mining and Oil and Gas Companies. Mr. Nupen consents to the inclusion in this statement of the matters based on his information in the form and context in which it appears.

Directors' report (cont.)

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 10.

Dated at Perth this 12th day of March 2013

Signed in accordance with a resolution of the Directors.

G. Button.

Grant Button
Finance Director

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Auditor's Independence Declaration to the Directors of Ferrum Crescent Limited

In relation to our review of the consolidated financial report of Ferrum Crescent Limited for the half year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

F Drummond
Partner
Perth
12 March 2013

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Ferrum Crescent Limited

ACN 097 532 137

Consolidated Statement of Comprehensive Income

For the half-year from 1 July 2012 to 31 December 2012

	Note	6 months to 31 December 2012 AUD	6 months to 31 December 2011 AUD
Revenue from continuing operations			
Revenue	3(a)	73 354	128,032
		73 354	**128,032**
Other income / (loss)	3(b)	27,734	7,458,910
Exploration expenditure		(398,156)	(964,515)
Foreign exchange gain/(loss)		41,593	(16,654)
Share based payments		(4,665)	-
Other expenses	3(c)	(953,403)	(1,445,518)
Profit / (Loss) before income tax		**(1,213,543)**	**5,160,255**
Income tax benefit / (expense)		201,643	-
Net Profit / (Loss) for the period		**(1,011,900)**	**5,160,255**
Other comprehensive income			
Other comprehensive income which will recycle to profit and loss			
Net exchange gain / (loss) on translation of foreign operation		(98,061)	23,561
Other comprehensive (loss)/income for the period, net of tax		**(98,061)**	**23,561**
Total comprehensive profit / (loss) for the period		**(1,109,961)**	**5,183,816**
Net profit/ (loss) for the period is attributable to:			
Non-controlling interest		-	-
Owners of the parent		(1,011,900)	5,160,255
		(1,011,900)	**5,160,255**
Total comprehensive profit / (loss) for the period attributable to:			
Non-controlling interest		-	-
Owners of the parent		(1,109,961)	5,183,816
		(1,109,961)	**5,183,816**

Profit / (Loss) per share attributable to the ordinary equity holders of the Company

	Cents per share	Cents per share
Earnings per share		
basic profit / (loss) per share	(0.34)	1.77
diluted profit / (loss) per share	(0.35)	(0.74)

The above consolidated statement of 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 2012

	Note	31 December 2012 AUD	30 June 2012 AUD
Current Assets			
Cash and cash equivalents		1,795,784	3,340,076
Trade and other receivables		399,899	128,447
Other financial assets		423,395	39,469
Prepayments		48,739	158,584
Total Current Assets		**2,667,817**	**3,666,576**
Non-current Assets			
Plant and equipment		90,613	110,325
Other financial assets		-	144,297
Total Non-current Assets		**90,613**	**254,622**
Total Assets		**2,758,430**	**3,921,198**
Current Liabilities			
Trade and other payables	4	213,973	1,212,832
Provisions		12,363	20,320
Financial liabilities	5	17,586	95,379
Total Current Liabilities		**243,922**	**1,328,531**
Total Liabilities		**243,922**	**1,328,531**
NET ASSETS		**2,514,508**	**2,592,667**
Equity			
Contributed equity	6	28,419,886	27,392,728
Reserves	8	(8,855,460)	(8,762,043)
Accumulated losses		(17,049,918)	(16,038,018)
PARENT INTEREST		**2,514,508**	**2,592,667**
NON-CONTROLLING INTEREST		-	-
TOTAL EQUITY		**2,514,508**	**2,592,667**

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

Ferrum Crescent Limited

ACN 097 532 137

Consolidated Statement of Changes in Equity

For the half-year from 1 July 2012 to 31 December 2012

	Issued Capital AUD	Employee Share Incentive Reserve AUD	Accumulated Losses AUD	Option Reserve AUD	Foreign Exchange Reserve AUD	Equity Reserve AUD	Total Equity AUD
At 1 July 2011	**27,392,728**	**(169,303)**	**(20,517,734)**	**1,404,425**	**113,852**	**(10,126,072)**	**(1,902,104)**
Profit for the period	-	-	5,160,255	-	-	-	5,160,255
Other comprehensive income (net of tax)	-	-	-	-	23,561	**-**	**23,561**
Total comprehensive loss (net of tax)	**-**	**-**	**5,160,255**	**-**	**23,561**	**-**	**5,183,816**
At 31 December 2011	**27,392,728**	**(169,303)**	**(15,357,479)**	**1,404,425**	**137,413**	**(10,126,072)**	**3,281,712**
At 1 July 2012	27,392,728	(166,120)	(16,038,018)	1,404,425	125,724	(10,126,072)	2,592,667
Profit for the period	-	-	(1,011,900)	-	-	-	(1,011,900)
Other comprehensive income	-	-	-	-	(98,061)	-	(98,061)
Total comprehensive loss (net of tax)	**-**	**-**	**(1,011,900)**	**-**	**(98,061)**	**-**	**(1,109,961)**
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-
Shares issued during the period net of transaction costs	1,027,158	-	-	-	-	-	1,027,158
Options issued	-	4,644	-	-	-	-	4,644
At 31 December 2012	**28,419,886**	**(161,476)**	**(17,049,918)**	**1,404,425**	**27,663**	**(10,126,072)**	**2,514,508**

Ferrum Crescent Limited
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Consolidated Statement of Cash Flows

For the period 1 July 2012 to 31 December 2012

	Note	6 months to 31 December 2012 AUD	6 months to 31 December 2011 AUD
Cash flows from operating activities			
Interest received		51,260	128,032
Investment income received		22,094	-
Payments to suppliers and employees		(1,675,808)	(2,193,931)
Exploration and evaluation costs		(675,253)	(965,199)
Net cash flows used in operating activities		**(2,277,707)**	**(3,031,098)**
Cash flows from investing activities			
Payments for plant and equipment		(917)	(4,568)
Net cash flows (used in) / from investing activities		**(917)**	**(4,568)**
Cash flows from financing activities			
Proceeds from issue of shares		780,000	-
Costs of capital raising		(7,241)	-
Net cash flows from financing activities		**772,759**	**-**
Net increase in cash and cash equivalents		**(1,505,865)**	**(3,035,666)**
Cash and cash equivalents at beginning of period		3,340,076	8,116,009
Effect of foreign exchange on cash		(38,427)	(408,705)
Cash and cash equivalents at end of period		**1,795,784**	**4,671,638**

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

Ferrum Crescent Limited
ACN 097 532 137
Notes to the financial statements

For the period 1 July 2012 to 31 December 2012

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

Corporate infomation

The financial report of Ferrum Crescent Limited for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 12 March 2013. Ferrum Crescent Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange (ASX), Johannesburg Stock Exchange Limited (JSE) and London Stock Exchange (AIM).

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

Basis of preparation

The half-year financial report is a general purpose 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 2012 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim report period.

Since 1 July 2012 the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2012. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any new standards or interpretations that are not mandatorily effective.

The interim report has been prepared on a historical cost basis except for the forward subscription agreement which is measured at fair value. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The preparation of the half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report for the year ended 30 June 2012.

Ferrum Crescent Limited
ACN 097 532 137
Notes to the financial statements

For the period 1 July 2012 to 31 December 2012

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

Going Concern

The Group has current assets of AUD 2,667,817 as at 31 December 2012 (June 2012: AUD 3,666,576), incurred a net decrease in cash and cash equivalents for the six month period ended 31 December 2012 of AUD 1,505,865 (six months ended December 2011, a net decrease of AUD 3,035,666).The Group will require additional funds to meet its forecasted expenditure for a period of not less than 12 months from the date of this report.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is therefore dependent upon a number of factors, including obtaining additional funding as and when required.

This half-year financial report has been compiled on a going concern basis. In arriving at this position the directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration the uncertainty of the fact that the Group will continues to work on its Bankable Feasibility Study for the Moonlight Project and will source funding for that study from the market or from third party investment in the Moonlight Project.

The half-year financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTE 2: SEGMENT INFORMATION

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for iron ore in South Africa. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

NOTE 3: REVENUE AND EXPENSES

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

	Dec 2012 AUD	Dec 2011 AUD
(a) Revenue		
Interest received	51,260	128,032
Investment income	22,094	-
Total Revenue	**73,354**	**128,032**
(b) Other Income		
Fair value gain on financial liability (note 5)	27,734	7,458,910
	27,734	**7,458,910**

For the period 1 July 2012 to 31 December 2012

NOTE 3: REVENUE AND EXPENSES (CONT.)

	Dec 2012 AUD	Dec 2011 AUD
(c) Other expenses		
Other expenses include the following:		
- Depreciation	15,286	15,548
- Disposal of plant and equipment	-	435
- Consulting services	156,987	236,625
- Employment related services	101,695	118,182
- Other	679,435	1,074,728
	953,403	**1,445,518**

NOTE 4: TRADE AND OTHER PAYABLES

		Dec 2012 AUD	Jun 2012 AUD
Current			
Trade and other payables		213,973	349,582
Minority purchase obligation	(i)	-	863,250
		213,973	**1,212,832**

(i) In 2010, various agreements were entered into in respect of the minority interest in the Moonlight Iron Project.

A company, Mkhombi Investments (Pty) Ltd ("MI"), which meets the requirements of applicable South African legislation in respect of historically disadvantaged persons (referred to in South Africa as being "BEE controlled"), entered into an agreement on 26 October 2010 with the then 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 (approximately AUD4.4 million) ("TMT Sale Agreement"). The South African Department of Mineral Resources expressed its support of the transaction.

Nelesco 684 (Pty) Ltd ("Nelesco"), a wholly owned subsidiary of the Company, entered into agreements with MI and its holding company, Mkhombi AmaMato (Pty) Ltd ("MA"), the terms of which provide for the following to take place:

a) Nelesco was issued shares in MI such that it holds an initial 32.17% interest in MI, with the remaining 67.83% held by MA;
b) MA lent the sum of ZAR7.5 million to MI, to be applied as part of the purchase price under the TMT Sale Agreement. The advance, which was made as at 31 December 2010, does not attract interest and is only repayable in certain circumstances (namely, the failure of the conditions precedent set out in the Subscription Agreement, as defined below);
c) Nelesco lent the sum of ZAR22.5 million to MI, to be applied as paying the balance of the purchase price under the TMT Sale Agreement. The advance, which was made as at 31 December 2010, does not attract interest and is repayable in certain circumstances (namely, the failure of the conditions precedent set out in the Subscription Agreement, as defined below);
d) MI would issue shares and / or Nelesco will transfer some of its shares in MI so that 11.54% of MI's shares on issue are held by a trust representing the locally impacted community, with the resulting shareholdings being MA 60%, Nelesco 28.46%, and the locally impacted community 11.54%; and
e) MA would, subject to the conditions precedent to the Subscription Agreement, as defined below, sell its entire right, title and interest in, and all of its claims against, MI to Nelesco for ZAR7.5 million (AUD 780,000).

NOTE 4: TRADE AND OTHER PAYABLES (CONT.)

A subscription agreement was entered into between the Company and MA on 4 November 2010 (the "Subscription Agreement"). On completion of the Subscription Agreement (subject to the fulfilment of the conditions precedent to that agreement), MA would subscribe for such number of shares in the Company as is equal to 7.8% of the issued shares at that time (the "First Subscription"). The price payable for the subscription for the Shares under the First Subscription was set at ZAR7.5 million.

Under the Subscription Agreement, MA would also, on or before the later of (i) the date falling 10 business days after the Closing Date (as defined in the Subscription Agreement) and (ii) 30 November 2011 (the "Subscription Period"), which period was extended by the Company for a period of 1 year, subscribe for a further 7.8% of the issued shares of the Company (calculated by reference to the issued share capital of the Company at the time of the First Subscription adjusted for any subsequent share splits, consolidations or bonus capitalisations) for a further ZAR7.5 million(" second subscription"). The date by which the conditions precedent to the completion of the Subscription Agreement had to be met was specified as 21 December 2011. During the half-year, an addendum to the Subscription Agreement was entered into whereby this date was amended to 1 November 2012. Further addendums were entered into extending the date to 20 November 2012.

The second tranche of the Subscription Agreement, where MA would subscribe for a further 7.8% of the issued shares of the Company for a further ZAR7.5 million, which was due to be concluded on 28th March 2013 has been extended by 3 months to 28 June 2013.

The conditions precedent to the Subscription Agreement included no insolvency event occurring, the granting of a mining right in respect of the Project, necessary South African Reserve Bank approvals and shareholder and other approvals required under the Corporations Act and the AIM / ASX / JSE listing rules, including shareholder approval. The shareholder approval was obtained on 8 August 2012

Kofi Morna, a Director of the Company, is also a director of MA and of MI. He became a Director of the Company on 15 October 2010 for the purposes of the above transaction. He holds an (AUD1.45m) indirect non-controlling interest in MA.

Upon completion of the first tranche of the Subscription Agreement which occurred during the half year, the Company legally owns directly and indirectly through its wholly owned subsidiary, MI, 97% of TMT, with the remaining 3% held by the GaSeleka Community.

NOTE 5: FINANCIAL LIABILITIES

	Dec 2012 AUD	Jun 2012 AUD
Current		
Financial liability at fair value through profit and loss – forward subscription agreement	17,586	95,379
	17,586	**95,379**

The above liability will be settled in the Company's shares and not in cash. Under the subscription agreement, the Company will issue shares to MA equal to 7.8% of the issued share capital of the Company for ZAR7,5 million which is the "second subscription". The above financial liability, measured at fair value through profit and loss, represents the Company's best estimate of the fair value of this contractual arrangement.

The forward subscription agreement valuation is very sensitive to the movement in the Group's share price (31 December 2012: AUD0.030; 30 June 2012: AUD0.033) and the RAND / AUD exchange rate (31 December 2012: AUD0.1094; 30 June 2012: AUD0.1151), accordingly the large changes in these market rates has seen a corresponding impact on the fair value movement at 31 December 2012.

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NOTE 6: ISSUED CAPITAL	Dec 2012 No. of Shares	June 2012 No. of Shares	Dec 2012 AUD	June 2012 AUD
(a) Share Capital				
Ordinary Shares				
Ordinary Shares fully paid	**328,201,385**	298,841,705	**28,419,886**	27,392,728
Employee share plan shares	**(6,595,000)**	(6,595,000)	**(509,905)**	(509,905)
	321,606,385	292,246,705	**27,909,981**	26,882,823

(b) Movements in ordinary share capital

	Half-Year 31 December 2012 Number	Half-Year 31 December 2012 AUD
At beginning of reporting period	298,841,705	27,392,728
28 November - first tranche of BEE transaction	25,281,620	830,059
14 December – Salary Sacrifice share scheme issue	4,078,060	197,099
At reporting date	**328,201,385**	**28,419,886**
Employee share plan shares on issue	(6,595,000)	(509,905)
	321,606,385	**27,909,981**

(c) Movements in employee share plan shares issued with limited recourse loans.	**Number**	**AUD**
At beginning of reporting period	6,595,000	509,905
At reporting date	**6,595,000**	**509,905**

Executive Share Incentive Plan

Under the plan, eligible employees are offered shares in the Company at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESIP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are held on trust for the benefit of the participant and will only be transferred into the participant's name once the loan has been fully repaid. ESIP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. The loans are to be repaid via the application of any dividends received from the shares and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus on sale is remitted to the participant while any shortfall is borne by the Group.

No new shares have been issued on the Executive Share Incentive Plan for the 6 months ended 31 December 2012.

For the period 1 July 2012 to 31 December 2012

NOTE 6: ISSUED CAPITAL (CONT.)

Salary Sacrifice Share Scheme

Shareholder approvals were obtained on 8 August 2012 for the implementation of a salary sacrifice plan under which directors and executives may forego agreed fees and salary and subscribe for shares in the Company.

Three individuals have elected during the six months to participate in the salary sacrifice plan, and the shares that have "accrued" or been "issued" (calculated on a monthly basis by way of volume weighted average share prices for Ferrum shares as traded on the Australian Securities Exchange during that month) as a result of such participation are as follows:

Shares Issued	**31 December 2012 No of Shares**	**30 June 2012 No of Shares**
E Nealon	1,039,532	-
RW Hair	2,650,808	-
A Nealon	387,720	-
Total	**4,078,060**	**-**

Shares Accrued	**31 December 2012 No of Shares**	**30 June 2012 No of Shares**
E Nealon	44,444	-
RW Hair	113,333	-
A Nealon	33,333	-
Total	**191,110**	**-**

In accordance with AASB 2 the share based payment is valued in accordance with the goods and services provided by the directors and executives in line with their agreed remuneration and to the extent they wish to have their remuneration paid in the form of shares.

NOTE 7: LISTED OPTIONS

	31 December 2012 No. of Options	30 June 2012 No. of Options
Options		
At end of reporting period the following options were on issue:		
- 31 December 2013 Options exercisable at 40 cents per share	**21,496,727**	21,496,727
- 14 December 2015 Options exercisable at 10 cents per share	**400,000**	
- Options not listed on the ASX	**2,350,000**	
Total Options	**24,246,727**	21,496,767

NOTE 7: LISTED OPTIONS (CONT).	**31 December 2012 No. of Options**	30 June 2012 No. of Options
Movement		
At beginning of the reporting period	**24,446,727**	21,496,727
Options cancelled during the period	**(600,000)**	-
Options issued during the period	**400,000**	-
At reporting date	**24,246,727**	21,496,727

Options issued in consideration for services

400,000 options were issued at 10 cents per share during the period 1 July 2012 to 31 December 2012. 600,000 options were cancelled in July 2012.

NOTE 8: RESERVES

	Share based payment reserve AUD	**Option Reserve AUD**	**Foreign exchange reserve AUD**	**Equity reserve AUD**	**Total AUD**
At 1 July 2011	(169,303)	1,404,425	113,852	(10,126,072)	(8,777,098)
Currency translation differences	-	-	23,561		23,561
At 31 December 2011	**(169,303)**	**1,404,425**	**137,413**	**(10,126,072)**	**(8,753,537)**
At 1 July 2012	**(166,120)**	**1,404,425**	**125,724**	**(10,126,072)**	**(8,762,043)**
Currency translation differences	-	-	(98,061)	-	(98,061)
Options Issued	4,644	-	-	-	4,644
At 31 December 2012	**(161,476)**	**1,404,425**	**27,663**	**(10,126,072)**	**(8,855,460)**

Nature and purpose of reserves

Share based payments reserve
This reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration.

Options reserve
This reserve is used to record the value of options issued, other than share-based payments.

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

Equity Reserve
The Equity reserve is used to record the acquisition of the non-controlling interest by the Group and to record differences between the carrying value of non-controlling interests and the consideration paid / received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

The reserve is attributable to the equity of the parent.

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NOTE 9: EARNINGS PER SHARE

	December 2012	December 2011
(a) Basic (loss) / earnings per share – cents per share	(0.34)	1.77
Diluted (loss) / earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.		
(b) Diluted (loss) / earnings per share – cents per share	(0.35)	(0.74)
Diluted (loss) / earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.		
(c) Reconciliations	(1,011,900)	5,160,255
Net (loss) profit used in calculating basic and diluted earnings per share		
(d) Headline (Loss) / Earnings per share disclosed as required by the JSE Limited		
(Loss) / profit attributable to ordinary equity holders of the parent entity.	(1,011,900)	5,160,255
Adjusted net of tax:		
Profit on disposal of plant and equipment	-	435
Headline Earnings	**(1,011,900)**	**5,160,690**

	Number of Shares	Number of Shares
Weighted average number of shares used in basis (loss) / earnings per share	297,184,522	292,246,705
Weighted average number of shares used in diluted (loss) / earnings per share	297,770,688	311,791,868

For the period 1 July 2012 to 31 December 2012

NOTE 10: CONTINGENCIES AND COMMITMENTS

The group has committed to rental payments on office premises in Perth and Johannesburg. The current commitments to the end of the lease periods are as follows:-

	Duration	AUD Value
Johannesburg	April 2012 to March 2015	71,644

There are no minimum expenditure requirements in South Africa in relation to mining tenements.

NOTE 11: RELATED PARTY TRANSACTIONS

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

NOTE 12: EVENTS OCCURRING SUBSEQUENT TO THE REPORTING DATE

On 22 February 2013 the Company signed a contract with Danieli & C. Officine Meccaniche S.p.A for the supply of engineering and technical services for the Moonlight Iron Ore Project. This contract forms part of the Bankable Feasibility Study that the Company is proceeding with and is expected to be carried out in approximately 15 months.

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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 2012 and the performance for the period 1 July 2012 to 31 December 2012 of the Company; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; 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

G. Button.

Grant Button
Finance Director
Perth
12 March 2013

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To the members of Ferrum Crescent Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ferrum Crescent Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its 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 Ferrum Crescent Limited and the entities it controlled during the half-year, 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 have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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 Ferrum Crescent Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without qualification to the review conclusion expressed above, we draw attention to Note 1 to the half-year financial report. As a result of matters described in Note 1, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Ernst & Young

Ernst & Young

F Drummond
Partner
Perth
12 March 2013