

31 October 2012

**Ferrum Crescent Limited**  
**(“Ferrum Crescent”, the “Company” or the “Group”) (ASX: FCR, AIM: FCR, JSE: FCR)**  
**Quarterly Activities and Cashflow Report**  
**For the period ended 30 September 2012**

Ferrum Crescent Limited, the ASX, AIM and JSE quoted iron ore developer in Northern South Africa, today announces its quarterly results for the three month period ending 30 September 2012.

**HIGHLIGHTS:**

**Moonlight Iron Ore Project:**

- Interpretation of the results of a high resolution airborne magnetic survey at Moonlight has further increased the Group’s confidence in the geological interpretation of the Moonlight Deposit
  - The survey covered the area of the Group’s New Order Mining Right at Moonlight (which covers the farms Moonlight, Julietta and Gouda Fontein)
  - A report on this survey was prepared by Mineral Corporation Consultancy (Pty) Ltd and its associates
  - This report highlighted several magnetic targets, including targets that indicate the strong possibility of an extension of the iron ore mineralisation within Moonlight Farm itself and a target on Julietta Farm outside of the area previously planned to be drilled
- Continued assessment of logistical solutions (rail, power, water and port services) required for progressing the detailed feasibility study
- Moonlight Mining Right (granted in May 2012) executed and submitted for registration
- The Moonlight Mineral Resource estimate currently has sufficient resources to support over 20 years of magnetite concentrate production, for which the Company has a granted Mining Right and associated environmental approval

**Corporate:**

- Shareholder approvals obtained on 8 August 2012 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
- Cash as at 30 September 2012 is approximately A\$2.5m

## **Moonlight Iron Ore Project**

During the quarter, Ferrum Crescent announced that it had received from Mineral Corporation Consultancy (Pty) Ltd of South Africa (“The Mineral Corporation”) a detailed report on the high resolution aeromagnetic survey conducted earlier in the year at and around the Company’s Moonlight Iron Ore Deposit in Limpopo Province, South Africa. The Mineral Corporation, which carried out the most recent Mineral Resource estimate at Moonlight, was engaged to provide interpretation of the geophysical data generated through the survey.

The current Moonlight Mineral Resource, estimated by The Mineral Corporation, is only based on the exploration of the farm Moonlight to date and consists of 307.8 Mt at 26.9% Fe, including 172.1 Mt at 25.3% in the Inferred category, 83.0 Mt at 27.4% in the Indicated category and 52.6 Mt at 31.3% in the Measured category. The Group has been granted a New Order Mining Right in respect of the Moonlight Iron Ore Deposit, and this right covers the farms Moonlight, Julietta and Gouda Fontein.

Drilling on the farms Julietta and Gouda Fontein to increase the total resource estimate on the Moonlight Iron Ore Project has been postponed as the Company 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), whilst management attention is focused on obtaining definitive answers to logistical questions including rail, power, water and port services to achieve the optimal infrastructure mix for the definitive feasibility study. The Company continues to have discussions with Transnet and other infrastructure providers and industry peers to ensure that these answers are obtained as soon as possible.

## **The Report**

The Mineral Corporation and its associates have 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.

## **Mining Right Execution**

Subsequent to the end of the quarter, the Moonlight Mining Right (which was granted in May 2012) was executed under applicable South African law and has been submitted for registration. The mining right covers the areas of the three farms, Moonlight, Julietta and Gouda Fontein.

## **Corporate**

Shareholder approvals were obtained on 8 August 2012 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.

Three individuals have elected at this stage to participate in the salary sacrifice plan, and the shares that have “accrued” (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:

	April 2012	May 2012	June 2012	July 2012	Aug 2012	Sept 2012	Total
Ed Nealon (\$6,667 per month)	111,111	133,333	182,891	95,238	95,238	133,333	751,145
Bob Hair (\$17,000 per month)	283,333	340,000	466,372	242,857	242,857	340,000	1,915,419
Andrew Nealon (\$5,000 per month)	-	-	-	-	-	100,000	100,000
VWAP	\$0.06	\$0.05	\$0.036	\$0.07	\$0.07	\$0.05	

The shares will be issued at a time that is not a “close period” under the Company’s share trading policy.

For further information, please visit [www.ferrumcrescent.com](http://www.ferrumcrescent.com) or contact:

<i>Australia and Company enquiries:</i>	<i>UK enquiries:</i>
<b>Ferrum Crescent Limited</b> Ed Nealon T: +61 8 9380 9653 Executive Chairman  Bob Hair T: +61 414 926 302 Managing Director	<b>Ocean Equities Limited (Broker)</b> Guy Wilkes T: +44 (0) 20 7786 4370  <b>RFC Ambrian Limited (Nominated Adviser)</b> Richard Morrison T: +44 (0) 20 3440 6800 Jen Boorer T: +44 (0) 20 3440 6800
<i>South Africa enquiries:</i>	<b>Sasfin Capital</b> Leonard Eiser T: +27 11 809 7500

### **Competent Persons' 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 of Exploration Results, Mineral Resources and Ore Reserves'. Mr Nupen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### **About Ferrum Crescent Limited**

Ferrum Crescent Limited is an Australian company listed on the Australian Securities Exchange (ASX: FCR), the AIM market of the London Stock Exchange (AIM: FCR) and the Johannesburg Stock Exchange (JSE: FCR).

The Company seeks to capitalise on the future demand for iron and steel worldwide by producing iron products in the Republic of South Africa, for both the domestic and the export markets. South Africa, a relatively under developed market, which was dominated historically by Iscor (part of which is now Kumba Iron Ore Limited) and now by Arcelor Mittal, has been largely overlooked, and FCR wishes to develop its Moonlight Iron Ore Project and pursue other opportunities in Southern Africa.

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 on the Moonlight farm section of the granted Mining right are estimated to be 307.8 million tonnes @ 26.9% and are shown as follows:

Category	Gross					Net (attributable to Ferrum Crescent at 81.4%)				
	Tonne (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Contained Metal (Mt)	Tonne (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Contained Metal (Mt)
Inferred	172.1	25.3	51.2	4.8	43.5	140.1	25.3	51.2	4.8	35.4
Indicated	83.0	27.4	50.1	4.0	22.7	67.6	27.4	50.1	4.0	18.5
Measured	52.6	31.3	47.3	2.5	16.5	42.8	31.3	47.3	2.5	13.4
<b>Total</b>	<b>307.8</b>	<b>26.9</b>	<b>50.3</b>	<b>4.2</b>	<b>82.8</b>	<b>250.5</b>	<b>26.9</b>	<b>50.3</b>	<b>4.2</b>	<b>67.4</b>

Tonnes are rounded

Note: Ferrum Crescent subsidiary is the operator and owns 81.4% (the beneficial ownership interest as accounted for at 30 June 2012 is 97%) of the Moonlight Iron Ore Project

The Moonlight Deposit (upon which the Moonlight Iron Ore Project or "Moonlight" is based) is a magnetite deposit located on the farms Moonlight, Gouda Fontein and Julietta in Limpopo Province in the north of South Africa and it is the main operational focus for the Company. Iscor, which explored the Project in the 1980s and '90s, reported mineralisation, capable of producing a

*concentrate grading 68.7% iron. At the time, Iscor concluded that the deposit, which was described as comparable to the world's best, was easily mineable due to its low waste-to-ore ratio. The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Ferrum Crescent Limited

ABN

58 097 532 137

Quarter ended ("current quarter")

30 September 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(206)	(206)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	19	19
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – income from restricted cash investments	11	11
<b>Net Operating Cash Flows</b>	<b>(671)</b>	<b>(671)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	--	-
1.12 Other (restricted cash investments)	(141)	(141)
<b>Net investing cash flows</b>	<b>(142)</b>	<b>(142)</b>
1.13 Total operating and investing cash flows (carried forward)	(813)	(813)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(813)	(813)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(813)</b>	<b>(813)</b>
1.20	Cash at beginning of quarter/year to date	3,352	3,352
1.21	Exchange rate adjustments to item 1.20	(30)	(30)
1.22	<b>Cash at end of quarter</b>	<b>2,509</b>	<b>2,509</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	78
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	
4.3 Production	
4.4 Administration	400
<b>Total</b>	<b>600</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,509	3,352
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,509</b>	<b>3,352</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	30/5/1/1/2/0402/PR (Moonlight Mining Right)	Mining Right granted	81.4%	81.4%

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	298,841,705	292,246,705	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	2,350,000 21,496,727	- 21,496,727	<i>Exercise price</i> \$0.198 \$0.400	<i>Expiry date</i> 07 December 2013 31 December 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	600,000	2,350,000	<i>Exercise price</i> \$0.198	<i>Expiry date</i> 07 December 2013
7.11 <b>Debentures</b> (totals only)				


+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

31 October 2012

Sign here:  Date: .....

(Company secretary)

Print name: Andrew Nealon.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.