



Ferrum Crescent Limited

29 April 2016

Ferrum Crescent Limited

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

**QUARTERLY ACTIVITIES AND CASHFLOW REPORT
FOR THE PERIOD ENDED 31 MARCH 2016**

HIGHLIGHTS

- Completion of review and strategic re-focusing of the group's assets and corporate structure
 - Farm-in and joint venture agreement in place to progress the Company's flagship Moonlight project
 - Costs further reduced in respect of the South African Moonlight operations
- Option secured to acquire GoldQuest Iberia S.L. ("**GoldQuest**"), which owns two lead-zinc exploration projects in the provinces of León and Galicia, in historical Spanish mining areas (the "**Iberian Projects**") (the "**Option**")
 - Due diligence field trips and desktop study completed
 - Geological assessment indicates major potential for re-interpretation of historical data and delivery of a new geological model identifying significant continuous zones of mineralisation
 - Mineralogical data supports initial assessment of the mineralisation at the Toral Project as being metallurgically straightforward and uncomplicated
 - Merlin Marr-Johnson appointed as adviser to the Board, primarily to assist with the Iberian Projects
- Objective to exercise the Option in due course and then pursue a low cost, highly focused work programme to define the economic and geological characteristics of the Iberian Projects including the definition of JORC compliant resource estimates

Corporate

- Justin Tooth appointed to the Board of the Company (the "**Board**"), initially as Non-Executive Chairman, subsequently assuming the role of Executive Chairman
- Resignations of Thomas Revy (Managing Director) from the Board and Mr Robert Hair (Company Secretary)
- Dr Evan Kirby appointed as Non-Executive Director to the Board bringing with him, significant metallurgical experience
- Mr Grant Button appointed as Company Secretary

- Subscription completed to raise £179,618 before expenses via the issue of 149,681,797 new ordinary shares at a price of 0.12 pence per share, to maintain the GoldQuest Option and to provide additional working capital.

Post Quarter End

- Conditionally raised £650,000 before expenses via the issue of, in aggregate, 500,000,000 new ordinary shares at a price of 0.13 pence, through a placing and subscription, with the net proceeds intended to be used, *inter alia*, to fund the cash consideration payable upon the planned exercise in due course of the Option over GoldQuest.

Justin Tooth, Executive Chairman of Ferrum Crescent, today commented:

“The reporting period saw a time of significant change within the Company, as we defined new pathways for generating shareholder value, via both our farm-in joint venture agreement in respect of the Moonlight asset and through acquiring the option over GoldQuest and its Iberian Projects. Within the Company, we also made significant cost savings and restructured the Company to focus on the next stage of our growth. I believe we are now making rapid, efficient progress to move Ferrum Crescent forward and start generating news flow and results from the strong assets we have, which are backed by a highly capable team.”

OPTION TO ACQUIRE INTERESTS IN LEAD-ZINC EXPLORATION PROJECTS IN SPAIN

On 16 February 2016, the Company announced that it had entered into an option and sale agreement (the “**Option and Sale Agreement**”) for a staged option fee of up to £22,500, with TH Crestgate GmbH (“**Crestgate**”), a private Swiss-based company, in respect of the potential acquisition of GoldQuest Iberica, S.L. (“**GoldQuest**”), its indirect wholly-owned subsidiary. The Option and Sale Agreement affords the Company an exclusive option, valid until 31 July 2016, to acquire 100 per cent. of GoldQuest’s issued share capital (the “**Option**”), for an aggregate consideration of approximately £460,000 (based on the Company’s prevailing mid-market share price of approximately 0.14 pence per ordinary share), to be satisfied principally in cash and partly by the issue of new ordinary shares. The Option is exercisable entirely at Ferrum Crescent’s discretion.

GoldQuest owns 100 per cent. of licences covering 2,024ha in the Province of León (the “**Toral Project**”) and 100 per cent. of licences in the Province of Galicia (the “**Lago Project**”), all such licence areas being located in northern Spain and having high prospectivity for both lead and zinc.

The Board believes that the prevailing market prices for both lead and zinc will strengthen further, underpinned by an anticipated fall in market supply. Accordingly, the Board believes that the more advanced Toral Project, in particular, with significant exploration data already available and being located within a politically stable and historical mining region, represents a cost effective opportunity to enter this market sector.

Geological interpretation and review

The Toral Project area has been historically assessed as containing a single, tabular zone of mineralisation, at depths of 300-500m below surface. However, such historical modelling is simplistic and excludes a large amount of normally critical data and, following its recent due diligence enquiries, the Company believes that the existing NI 43-101 resource estimate significantly under-estimates the mineral potential of the Toral Project. The Company further believes that an initial low cost exploration programme should be able to test the mineralisation in a series of parallel, sub-vertical structures running from depth up to surface.

Utilising the existing data and applying an exploration process that takes into account key structural controls and the characteristics of existing nearby mines will be a key initial work programme priority. Ferrum Crescent's objective, following the anticipated exercise of its Option in due course, will be to establish a JORC compliant resource estimate at both the Toral Project and the Lago Project as well as re-examining the scale and continuity of mineralisation at the Toral Project.

Mineralogical assessment and future process design

Ferrum Crescent's ultimate objective would be to establish a credible mineral reserve in a cost effective manner for consideration by potential future acquirers and/or development finance groups.

Following assessment of the geology, together with a desktop study of nearby mining operations, the Company believes that the metallurgy at the Toral Project is straightforward and uncomplicated. Furthermore, it is anticipated that any economic ores defined at Toral will be capable of being processed using simple industry standard techniques. Preliminary assessment also indicates that the environmental aspects of the project pose no unusual challenges, whilst the main social impact will be a desirable increase in employment opportunities for the region.

Future activities will be focused on challenging all assumptions and conducting appropriate project development studies.

Licensing and political risks and routes to key markets

During March 2016, the licences in respect of the Toral Project and the Lago Project were renewed by the Government of León for a period of twelve months further to the fulfilment of a basic work programme at the two sites. The assets are located in a region containing existing mines and are situated away from any significant conurbations or sites of interest. Spain is increasingly supportive towards its mining sector and it is host to a number of recent, new, mining developments. In addition, Spain has a first tier infrastructure system for the transportation of potential future product to a major international port in order to supply concentrate to export markets.

During the quarter, the Company further announced that it had completed its comprehensive due diligence investigations on GoldQuest and the Iberian Projects.

The Board believes that, following the expected exercise of the Option in due course, the Company will be able to implement a cost effective work programme to derive a new interpretation of the Toral and Lago Projects. Both assets have extensive pre-existing data which can be used to underpin meaningful additional exploration and metallurgical campaigns, to ultimately deliver JORC compliant resource estimates and an updated, accurate, assessment of the mineralisation characteristics and their scale.

CORPORATE

Completion of Private Placements

On 25 February 2016, the Company announced the completion of a private subscription for 149,681,797 new ordinary shares of no par value each in the capital of Ferrum Crescent (“**Ordinary Shares**”) at a price of £0.0012 per share, to raise £179,618 before expenses.

In addition, following the quarter end, on 27 April 2016, the Company announced that it had conditionally raised £650,000 before expenses via the issue of, in aggregate, 500,000,000 new Ordinary Shares at a price of 0.13 pence per share, via a placing and subscription. The Company intends to use the net proceeds from the placing and subscription to fund the cash consideration payable upon the planned exercise in due course of the Option and for general working capital purposes.

Directorate Changes

During the quarter, the Company announced the resignations of both Tom Revy, as a Board director and Managing Director, and Bob Hair, Company Secretary. The Board would like to thank both Tom and Bob for their significant contributions to the Company’s development.

Mr Justin Tooth assumed the role of Executive Chairman, based in London. This will significantly reduce management costs and locates the executive management function in the same country as the majority of the Group’s principal advisers and shareholder base, with more closely aligned time zones for our project teams in South Africa and Spain. Mr Grant Button assumed the role of Company Secretary.

In addition, Dr Evan Kirby joined the Board as Non-Executive Director. Dr Kirby is a metallurgist with over 30 years’ of international experience in the mining sector. He has held senior management positions with Impala Platinum, Rand Mines and Rustenburg Platinum Mines and worked as a director and technical consultant for a number of mining companies. He is currently a director of Bezant Resources plc (AIM: BZT) and Nyota Minerals Limited (ASX: NYO, AIM: NYO).

The Board appointed Mr Merlin Marr-Johnson as a consultant, to advise the Board on all aspects of the Iberian Projects, on which he has previously worked. Mr Marr-Johnson completed a course at the University of Granada as part of his geology degree and has undertaken exploration campaigns in a number of Spanish-speaking countries. He has previously worked for over 22 years in the minerals industry at Rio Tinto plc, as a Commodity and Equities Analyst at HSBC plc, various mining juniors and most recently as a resources fund manager at Blakeney Management. In the event that the Company elects to exercise its Option over GoldQuest, Mr Marr-Johnson will advise, in particular, on the structure of the Spanish project team and an optimised exploration campaign.

EXPLORATION INTERESTS

As at 31 March 2016, the Company held interests in the following mining Rights (“Rights”):

Project	Location	Right Number	Right Status	Holder	Percentage Interest
Moonlight	Limpopo Province, South Africa	30/5/1/2/2/201 MR	Mining Right Granted	Ferrum Iron Ore (Pty) Ltd	97%
Moonlight	Limpopo Province, South Africa	LP30/6/1/1/2/11868PR	Prospecting Right Application	Ferrum Iron Ore (Pty) Ltd	97%

No licences were acquired or disposed of during the quarter.

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

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Notes to Editors:

Further Information on GoldQuest and the Iberian Projects

GoldQuest is a private company incorporated in Spain which owns 100 per cent. of both the Toral Project and the Lago Project in northern Spain, each having high prospectivity for lead and zinc.

Principal Terms of Ferrum Crescent's Option

- Option to potentially acquire 100 per cent. of GoldQuest. GoldQuest owns 100 per cent. of two lead-zinc exploration projects in the provinces of León and Galicia, in historic Spanish mining areas.
- Up to £22,500 staged option fee, in part shares and part cash, being paid by Ferrum Crescent in return for an exclusive option, valid until 31 July 2016. If exercised, Ferrum Crescent, will be required to:
 - pay up to approximately £320,000 in cash consideration (calculated as a fixed amount of £250,000 plus a further cash payment comprising the lesser of 50 per cent. of GoldQuest's current liabilities and £92,500, minus the above mentioned option consideration); and
 - issue, credited as fully paid, 100 million new ordinary shares in the capital of Ferrum Crescent.

Toral Project

The Toral Project has been extensively explored historically by its previous owners Portex Minerals Inc. and Lundin Mining S.L. and the 2,024ha of mineral rights contains extensive high grade zinc mineralisation. Located in north-west Spain, approximately 400km north-west of Madrid, the project's licence area hosts excellent road, rail and power infrastructure and is situated in a known historic mining jurisdiction. The asset also has a pre-existing NI 43-101 resource estimate reported by Micon International Co. Limited on 30 April 2012.

Lago Project

The Lago Project is located approximately 54km to the north-east of the Toral Project. Historical investigations completed by or on behalf of the Spanish mining firm, Exploracion Minera Internacional Espana S.A. ("EXMINESA"), between 1985 and 1990, indicated that mineralisation at the Lago Project may be similar to that encountered at the Toral Project with vertical, lenticular bodies (probably more than one) approximately 800m long by 300m wide.

Further Information on the Moonlight Project, South Africa

Ferrum Crescent's principal project is the Moonlight Iron Project located in Limpopo Province in the north of South Africa. The Moonlight Deposit (upon which the Project is based) is a magnetite deposit located on the Moonlight, Gouda Fontein and Julietta farms and is the main operational focus for the Company. Iscor Limited ("Iscor"), which explored the Project in the 1980s and '90s, reported mineralisation capable of producing a concentrate grading at 68.7% iron. At that time, Iscor concluded that the deposit, which was described as being comparable to the world's best, was easily mineable due to its low waste-to-ore ratio. The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

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

Key features of the Project to date are:

- JORC (2012) compliant Mineral Resource;
- Historical drilling, drilling by the Group, geological modelling and a high density geophysical survey conducted by the Company in 2012 confirm tonnage upside potential;
- 30 year Mining Right granted;
- Environmental licence (EIA) in place for the Moonlight mining area (approved 4 April 2013);
- Metallurgical test work indicates the potential for high quality concentrate and/or pellets with in excess of 69% iron content and low deleterious elements (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- The quality of product that can potentially be produced at Moonlight is a clear differentiator against its industry peers, as is the access to infrastructure (port, power and rail);

- Duferco offtake partner (4.5 Mtpa plus first right on a further 1.5 Mtpa if not sold domestically). South Africa currently has a growing demand for high grade iron concentrate and/or pellets for its steel industry;
- Independent valuation by The Mineral Corporation completed in June 2014 - this valuation served as the basis for the recent BVI (Ovation Capital) transaction;
- BEE compliant South African investment company (BVI) will provide a completed BFS to the Group by 2018/19 at no expense to the Group in return for a 39-43% equity position in the Moonlight Project;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power plant (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for potential export of future iron ore products; and
- Local community, Ga-Seleka, has an effective 3% carried interest in the Moonlight Project.

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")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	(57)	(277)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid		
1.6 R&D recoupment tax		
1.7 Other – net income on restricted cash investments		
Net Operating Cash Flows	(347)	(1,210)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(2)	(2)
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)	-	107
Net investing cash flows	(2)	105
1.13 Total operating and investing cash flows (carried forward)	(349)	(1,105)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(349)	(1,105)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	359	359
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19.1	Other		
1.19.2	Other - First Tranche proceeds from Anvar Asian Investment		
1.19.3	Other – share issue costs	(32)	(32)
	Net financing cash flows	327	327
	Net increase (decrease) in cash held	(22)	(778)
1.20	Cash at beginning of quarter/year to date	287	1,029
1.21	Exchange rate adjustments to item 1.20	(11)	3
1.22	Cash at end of quarter	254	254

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	40
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	50
4.2 Development	
4.3 Production	
4.4 Administration	190
Total	240

The company will be concentrating on doing a capital raise in the next quarter.

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	254	212
5.2 Deposits at call	-	75
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	254	287

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 and petroleum tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements and petroleum tenements acquired or increased

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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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	772,984,191	770,684,191	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,515,041 149,681,797	4,515,041 149,681,797	GBP0.00144 \$0.0024	GBP0.00144 \$0.0024
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	500,000	-	<i>Exercise price</i> \$0.03	<i>Expiry date</i> 21 November 2016
		2,500,000	-	\$0.08	19 February 2017
		2,000,000	-	GBP0.0075	2 February 2018
		3,000,000	-	GBP0.02	2 February 2018
		2,000,000	-	GBP0.0075	1 March 2018
		3,000,000	-	GBP0.02	1 March 2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired / cancelled during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:Date: 29 April 2016

Print name: Grant Button
Company Secretary

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

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

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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