Ferrum Crescent Limited

ACN 097 532 137

Half-Year Financial Report
for the period
1 July 2014 to 31 December 2014

Ferrum Crescent Limited
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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 2014 to 31 December 2014.

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.

	Resigned
Ed Nealon	
Tom Revy (appointed 19 February 2014)	
Bob Hair	
Klaus Borowski	
Kofi Morna	31 December 2014
Ted Droste	31 December 2014
Grant Button	

Review and results of operations

Operating Results

During the half-year 1 July 2014 to 31 December 2014, the Group recorded a net loss after tax of AUD 463,690 (1 July 2013 to 31 December 2013: net loss of AUD 1,687,725). 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 2014, 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 until 31 July 2016.

Principal activities during the half-year

Moonlight Iron Ore Project

The Company's principal asset is the Moonlight Iron Ore Project ("Moonlight" or the "Project"), which is based on the planned commercial development of the Moonlight Deposit, a magnetite (a form of iron ore) deposit that is situated on three farms in Limpopo Province, South Africa. The development concept for the Project is for the mining and beneficiation of product at site to form a concentrate, which would be piped by underground slurry pipeline to a manufacturing facility at or near the town of Thabazimbi, which is approximately 220 kilometres by the proposed pipeline route from the Moonlight Deposit. In principle approval has been obtained to use the road servitude to the town of Lephalale and the rail servitude from there to Thabazimbi. At Thabazimbi, the concentrate would be de-watered and used in the manufacture of direct reduction ("DR") grade and blast furnace ("BF") grade pellets, which would be loaded onto rail and transported predominantly to Richards Bay for export to steel producers. The Company is part way through a bankable feasibility study based on an annual production of 6 million tonnes of pellets.

Key features of the Project are:

- JORC (2012) compliant Mineral Resource;

- Historical drilling, drilling by the Group, geological modelling and high density geophysical survey conducted by the Company in 2012 confirm huge 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 pellets in excess of 69% iron and low deleterious elements possible (DR grade pellets for use in direct reduction iron/electric arc steel-making processes);
- Low stripping ratio; slurry pipeline>pellet plant at rail head (Thabazimbi); export through Richards Bay;
- Duferco offtake partner (4.5 mtpa plus first right on 1.5 mtpa if not sold domestically);
- Independent valuation 2014 – The Mineral Corporation's independent valuation of the Project released to the market on 11 June 2014;
- Located near Kumba railhead at Thabazimbi (Kumba operation depleting in grade), Limpopo Province, northern South Africa;
- New Eskom power (4,800MW) commissioning first 800MW module;
- Richards Bay port expansion for iron ore products.

The Ferrum Crescent interest in the Moonlight Iron Ore Project is held through the Group's direct and indirect shareholding in Ferrum Iron Ore (Pty) Limited, the shares of which are currently held as to 74% by Ferrum South Africa (Pty) Limited ("FSA") (previously, Nelesco 684 (Pty) Limited) and as to 26% by Mkhombi Investments (Pty) Limited ("MI").

The Company during the reporting period appointed Mr Ed Aylmer as Moonlight BFS Manager. Mr Alymer has more than 30 years' experience in the mining and mineral processing industries and has acted as senior study manager for project developments on behalf of Severstal, Vendanta, Goldfields and Ivanplats. Mr Alymer is based in Johannesburg, South Africa.

Mineral Resource

During 2014, Mineral Corporation Consultancy Pty Ltd ("The Mineral Corporation") undertook the update of the Moonlight Mineral Resource estimate, which was previously stated in terms of JORC (2004). The Mineral Corporation updated all of the assumptions used in determining the previous estimate, with respect to the requirements of JORC (2012). It determined that the Mineral Resource classification criteria imposed in the previous estimate were still valid. Furthermore, the additional reporting requirements contained in JORC (2012) have been complied with in the updated Mineral Resource estimate report.

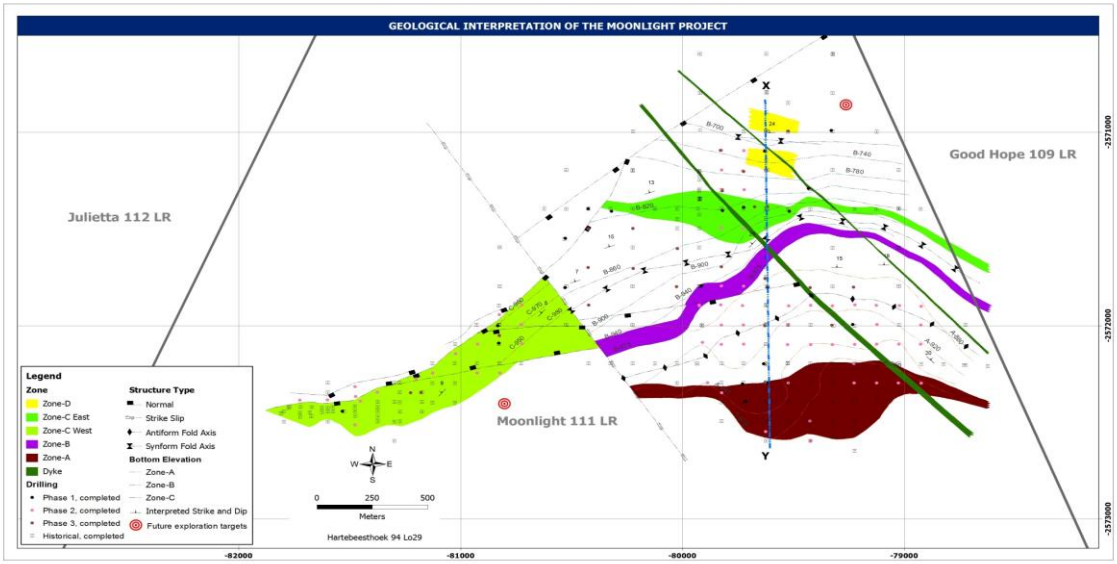


Figure of Moonlight Deposit Geological Plan

A summary of the information related to the updated Mineral Resource estimate prepared by The Mineral Corporation is provided below (in accordance with the ASX Listing Rules, Section 5.8.1):

Magnetite mineralisation has been identified in five mineralised zones within Mount Dowe Group rocks in the Central Zone of the Limpopo Mobile Belt. The mineralised zones are interpreted to have been tightly-folded, parallel to the east-northeast to west-southwest orientation of the Limpopo Mobile Belt.

Iron concentrations within the magnetite mineralised zones are interpreted to be parallel with the contacts with the host rocks, and zones of unmineralised material are also found within the mineralised zones.

The Project has been explored in the past by Kumba Iron Ore Limited (KIOL) and more recently by Ferrum Crescent. Drilling data from KIOL and three phases of Ferrum Crescent exploration inform the estimate. The drilling comprised open-hole percussion, reverse circulation (RC) percussion and diamond core drilling and was all drilled in a vertical orientation.

Limited information on the drilling, sampling, sub-sampling or assaying for the historic KIOL data is known, but the RC and diamond drilling portions of the KIOL data have been accepted for the Mineral Resource estimate on the basis of successful borehole twinning analysis, by Ferrum Crescent.

During the Ferrum Crescent exploration, industry standard diamond drilling and RC drilling techniques were used to generate sampling information. Representivity was ensured by appropriate sub-sampling protocols. RC samples (1m-2m) were riffle split on site and diamond core samples were halved with a diamond saw. The Ferrum Crescent drilling, sampling and sub-sampling protocols are considered acceptable for the style of mineralisation.

A total of 122 RC holes and 89 diamond core holes were employed in the Mineral Resource estimate.

For the Ferrum Crescent samples, primary samples and analytical quality assurance and control samples were submitted to Genalysis Laboratory Services (Johannesburg) for analysis by X-Ray Fluorescence techniques, by Intertek Utama Services (Jakarta).The analytical protocols are considered acceptable for the style of mineralisation at the Project.

Samples within each mineralised zone were composited parallel to the dip of the mineralised zone and variograms were calculated and modelled to assess grade continuity. Vertical grade continuity was assessed by downhole variograms. Variogram ranges of between 150m and 250m were obtained in the plane of the mineralised zones and between 7m and 30m in the vertical direction. Grade estimation was by means of Ordinary Kriging, using search parameters aligned with the mineralised zones, into blocks of 50m x 50m x 5m

The drill spacing, surface mapping, structural interpretation, variography and kriging error estimates informed the Mineral Resource classification, which included Inferred, Indicated and Measured Mineral Resources. In areas of well-defined geological structure and modest grade variability, a 100m x 100m drill spacing grid was deemed sufficient for Measured Mineral Resources and the deemed maximum spacing for Inferred Mineral Resources is approximately 300m x 300m. Indicated Mineral Resources are informed by a drill spacing of approximately 200m x 200m.

A block cut-off grade of 16% Fe was selected, based on an Fe concentration which falls between the Fe concentration of the mineralised and unmineralised zones. As the contacts between these zones are generally sharp, the estimate is not sensitive to cut off grade. A geological loss of 5% was applied.

The Mineral Corporation has considered the reasonable prospects for eventual economic extraction of the deposit. This was performed by estimating a maximum stripping ratio which would still provide an acceptable economic return, under a set of benchmarked operating cost and price assumptions. These resulted in a maximum stripping ratio of 3:1 (waste tonne : mineralised tonne). Applying a depth constraint of between 100m and 250m from surface, (depending upon the dip and the number of mineralised zones present), ensured that all mineralisation included in the Mineral Resource estimate is within this maximum stripping ratio criterion.

The Mineral Resource estimate is provided in the table below and the Mineral Resource estimation criteria, as required in JORC (2012) and in Section 5.8.2 of the ASX Listing Rules, are included as an appendix to this release.

With a cut off grade of 16% Fe, geological losses of 5% and a depth constraint of between 100m and 250m from surface, (depending upon dip and the number of zones present), The Mineral Corporation has determined that there are reasonable prospects for eventual economic extraction, and hence estimate the Mineral Resource 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	42.2
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

*Tonnes are rounded

A summarised description of the Mineral Resource estimation criteria, as provided in Table 1 in JORC (2012), is included as follows:

Criteria	Explanation	Observations
Section 1: Sampling techniques and Data		
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	Limited information on the sampling techniques for the KIOL data is known. For the FCL exploration, sampling was limited to the sampling of RC chips and diamond core.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Limited information on the sampling techniques for the KIOL data is known. For the FCL exploration, representivity was ensured by appropriate sub-sampling protocols.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Limited information on the sampling techniques for the KIOL data is known. For the FCL 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.
Drilling techniques	Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.	Drilling data from KIOL and three phases of FCL 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.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Limited information on the sample recovery for the KIOL data is known.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	With the exception of surficial rubble, the sample recovery through the mineralised zones for the FCL exploration was acceptable.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No recovery information for the KIOL database is known. Due to the generally high sample recovery, this relationship was not investigated.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	The KIOL data included electronic codes for the main lithological unit, certain sub-units, and the core bedding angles.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	All geological information during FCL exploration was logged in acceptable detail, and stored in an MS Access database. This included lithological, structural and geotechnical information.
	The total length and percentage of the relevant intersections logged.	In both KIOL and FCL exploration, all drilling was logged.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	No information regarding sub-sampling is known for the KIOL holes. For the FCL data, core was cut.
	If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry.	No information regarding sub-sampling is known for the KIOL holes. For FCL data, RC samples were split by rotary or riffle splitters.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	No information regarding sub-sampling is known for the KIOL holes.

Criteria	Explanation	Observations
		For the FCL data, the protocols are considered acceptable for the style of mineralisation
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	No information regarding sub-sampling is known for the KIOL holes. For the FCL data, the protocols are considered acceptable for the style of mineralisation
	Measures taken to ensure that the sampling is representative of the in situ material collected.	No information regarding sub-sampling is known for the KIOL holes. For the FCL data, the protocols are considered acceptable for the style of mineralsation
	Whether sample sizes are appropriate to the grain size of the material being sampled.	No information regarding sub-sampling is known for the KIOL holes. For the FCL data, the protocols are considered acceptable for the style of mineralisation
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	No information on the quality of assay data for the KIOL data was obtained. Primary samples and quality control samples were submitted for analysis to Genalysis Laboratory Services (Johannesburg) for analysis by Intertek Utama Services (Jakarta).
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No non-laboratory techniques have been applied.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	No information on the quality of assay data for the KIOL data was obtained. The FCL 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 verification of significant intersections by either independent or alternative company personnel.	The KIOL data was verified by means of the identification and re-surveying of borehole collars in the field, and by means of twin-drilling.
	The use of twinned holes	On the basis of the twinning, the open-hole data from KIOL (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.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	No access to the core, nor the raw geological logs for the KIOL data is possible and the accuracy of the input of this data into the FCL database cannot be verified. The procedures adopted by those executing FCL's 2008 and 2009 exploration campaigns are well documented and the data entry and validation for those phases of exploration is considered to be acceptable. The Mineral Corporation supervised the 2011 exploration and considers that portion of the database to be acceptable.
	Discuss any adjustment to assay data.	No adjustments to assay data were made
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	All FCL boreholes were surveyed by a registered surveyor. Of the KIOL holes, 127 collars were re-surveyed by a registered surveyor, and good correlation between the historical and FCL survey locations were found.
	Specification of the grid system used.	The co-ordinate system applied for the survey was the South African Local Grid (Lo29) using the Hartebeeshoek 1994 datum.
	Quality and adequacy of topographic control.	The topographic control is derived from LiDAR data and is considered adequate.

Criteria	Explanation	Observations
Data spacing and distribution.	Data spacing for reporting of Exploration Results.	The combination of Ferrum Crescent's exploration and the KIOL data has provided a drillhole spacing which ranges from 100m x 100m to 200m x 300m.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The data spacing and distribution is sufficient to establish the degree of continuity appropriate for the Mineral Resources, as classified.
	Whether sample compositing has been applied	Sample compositing has been applied in the Mineral Resource estimates.
Orientation of data in relation to geological structures	Whether the orientation of sampling achieves unbiased sampling of possible and the extent to which this is known, considering the deposit type.	Vertical intersections are not "true" thicknesses, normal to the dip of the mineralised zones;
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	As the dip is relatively shallow, and the block model was built in 3-dimensions, the use of vertical composites did not bias the volumetric estimates.
Sample security	The measures taken to ensure sample security.	No information regarding sample security is known for the KIOL holes. For the FCL data, samples were stored in a locked core facility until being collected for delivery to the laboratory by courier.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No audits of the KIOL 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.
Section 2: Reporting of Exploration Results		
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	FCL has an effective 97% share, in Ferrum Iron Ore (Pty) Limited, the holder of Mining Right LP30/5/1/2/2/201. The Project's Mineral Resources are entirely contained within this Mining Right. A legal due diligence on the mineral title has not been conducted by The Mineral Corporation, but The Mineral Corporation is not aware of any issues that may prejudice the Mining Right and the title circumstances are understood to be sound.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Project is covered by a Mining Right that was executed on 10 October 2012. The Mining Right is valid for 30 years commencing 10 October 2012 to 9 October 2042.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Previous exploration by KIOL has been documented and integrated into the FCL database.
Geology.	Deposit type, geological setting and style of mineralisation.	Rocks of the Mount Dowe Group, within the Central Zone of the Limpopo Mobile Belt, are interpreted to have been tightly-folded, parallel to the east-northeast to west-southwest orientation of the Limpopo Mobile Belt. Magnetite mineralisation is identified in five mineralised zones, which are interpreted to be the result of the duplication by folding of one or more magnetite-bearing layers. The mineralised zones are cut by younger faults, which have two dominant orientations, broadly parallel to and orthogonal to, the trend of the Limpopo Mobile Belt. Magnetite concentrations within the mineralised zones are interpreted to be parallel with the contacts with the host rocks and zones of unmineralised material are found within the mineralised zones.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:easting and northing of the drill hole collar	A summary of all material intersections is provided in Appendix 3.

Criteria	Explanation	Observations
	elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length.	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	This information has not been excluded.
Data aggregation methods.	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually material and should be stated.	5m vertical borehole composites were utilised, informed by an assumed minimum mining height.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable to this grade distribution.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values were considered.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	These composites were not at right angles to the mineralised zones.
	If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (eg. 'downhole length, true width not known').	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.
Diagrams.	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Plans and sections of the interpretive geological model are provided.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of Exploration Results.	All material intercepts are reported Appendix 3.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not . limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All know material exploration data, or summaries thereof, have been provided.
Further work	The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Recommendations for further work are provided.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	A figure showing possible extensions is included
Section 3: Reporting of Mineral Resources		
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	The compiled database for the estimates was housed in an MS Access database.
	Data validation procedures used.	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.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.	Stewart Nupen has undertaken two site visits to the Project, to inspect outcrop, observe RC and diamond drilling and sampling activities and view all of the available diamond core. These site visits were undertaken during the first quarter of 2012.

Criteria	Explanation	Observations
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	The geological interpretation is considered appropriate for the level of estimates, and the Mineral Resource classification takes the confidence in the interpretation into account.
	Nature of the data used and of any assumptions made.	Borehole data was used for the geological interpretation. The regional structural framework was applied.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	No alternative interpretation was considered.
	The use of geology in guiding and controlling Mineral Resource estimation.	A thorough re-interpretation of the geological structure and correlation between mineralised zones was carried out.
	The factors affecting continuity both of grade and geology.	Grade continuity within zones is high. Continuity of zones is affected by geological structures.
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	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
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	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.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	No check estimates or production records were available
	The assumptions made regarding recovery of by-products.	No by-products are expected.
	Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	All zones show low abundance of Mn, P and TiO2. Abundance of base metals, such as Cu, are insignificant
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	Horizontal block dimensions were 50m x 50m and 5m in the vertical, informed by borehole spacing and a. The block model was rotated to the average dip (12°).
	Any assumptions behind modelling of selective mining units.	Conceptual minimum mining unit had a minimum height of 5m.
	Any assumptions about correlation between variables.	No correlation between variables was assumed or modeled.
	Description of how the geological interpretation was used to control the resource estimates.	Wireframes representing the geological interpretation were generated to constrain the block model. 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.
	Discussion of basis for using or not using grade cutting or capping.	No cutting or capping was applied, as the composite grades were normally distributed, and no outliers were identified.
	The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	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.

Criteria	Explanation	Observations
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tonnage was calculated on a dry basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	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.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	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.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	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.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	Environmental commitments made in the Mining Right do not materially change the economics of the Project, and hence the reasonable prospects for eventual economic extraction.
Bulk density.	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	The KIOL 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 FCL 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.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The density data from the FCL adequately accounted for void spaces, and as the regression based on the KIOL data was almost identical to the regression based on the FCL data, it has been assumed that the KIOL method also accounted for the same.
Classification	The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit.	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.
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	No audits have been undertaken as yet

Criteria	Explanation	Observations
Discussion of relative accuracy/confidence	Where appropriate a statement of the relative accuracy and/or confidence in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.	Kriging Efficiency (KE) was used as a guide to Mineral Resource classification. Regions of blocks where KE is generally >0.5 are considered for the Measured category, while regions of blocks where KE >0.25 are considered for the Indicated category and regions with a KE<0.25 are considered for the Inferred category (Mwasinga, 2001). The mean KE of classified as Measured in this Mineral Resource estimate is 0.47 and those classified as Indicated is 0.26.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The estimates are local estimates. Blocks are categorized as Measured, Indicated or Inferred, and their use in technical or economic evaluation should be determined by the relevant code.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	No production data is available.

Drilling Programme

The Company during the reporting period commenced a drilling programme following the resumption of feasibility study work at the Project. The drilling programme was designed to investigate the extent of Zone D and provide information to inform the location of the mine, in addition to identifying areas where bulk sampling for the requisite levels of metallurgical testwork should take place during the next stage of the Moonlight BFS.

The drill programme comprised of 10 holes drilled (cumulative metres 1,396) and was completed following the end of the reporting period ahead of time and below budget. All holes intersected magnetic zones across various depths and samples are currently being analysed. An independent report on these exploration results from The Mineral Corporation is expected during March 2015.

The results will enable the Company to finalise plans for the location and design of the open pit mine at Moonlight, for inclusion in the final BFS. With the final locations also identified for definitive metallurgical sampling operations, Ferrum Crescent can work towards recovering samples representative of the planned run of mine of iron ore at Moonlight. These large-scale samples will be processed and allow for plant engineering partners to conclude design and economics for a DR pellet plant. Following conclusion of all mine and processing assessments, the last stage of the development study can be progressed, establishing optimal infrastructure agreements with government agencies operating in the surrounding area.

Infrastructure

Positive discussions at a high level relating to rail, power, ports and water between the Company, Transnet and other South African infrastructure suppliers have continued during the reporting period. 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 previously contemplated.

Corporate

During the half-year ended 31 December 2014, the Company carried out a non-renounceable rights issue and raised $1.03 million before costs. These funds were raised with a view to continuing the Company's strategy of securing key BEE and other cornerstone investors, as well as preparing the work-flows that will complete key components of the Moonlight Iron Ore Project BFS.

Funds received under the rights issue (through acceptances, underwriting and placement of shortfall shares) are being used as working capital, including for the funding of corporate costs and for BFS activities.

Mr Ted Droste and Mr Kofi Morna both resigned during the reporting period. The Chairman and other remaining members of the Board thanked them both for their contributions to the Company and wished them every success in their future endeavours.

Five officers elected to participate in the Ferrum salary sacrifice plan, with the result that 4,401,392 shares were issued to two of those officers during the half-year.

Going Concern

The Group has current assets of AUD 1,862,671 as at 31 December 2014 (30 June 2014: AUD 1,067,480), incurred a net loss of AUD 463,690 (31 December 2013: AUD 1,687,725) and had cash used in operations of AUD 1,465,637 (31 December 2013: AUD 830,290) for the six months period then ended.

The Group's forecast cash flow requirements for the 12 months ending 31 March 2016 reflects cash outflows from operating and investing activities, which take into account a combination of committed and uncommitted but currently planned expenditure. The Group's forecast indicates that the Group will need to raise capital during the quarter ending 30 June 2015 to enable it to settle its liabilities as and when they fall due and continue to meet its incurred, committed and currently planned expenditure.

The Directors have been in discussions with a number of interested parties in relation to funding the Group's working capital requirements via investments in the Group.

In the event that the Group is unable to raise additional funds to meet the Group's planned expenditure when required there is a significant uncertainty as the whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

Events subsequent to reporting date

Apart from events to the extent described elsewhere in this Directors' Report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect:

(i) The Group's operations in future financial periods; or

(ii) The results of those operations in future financial periods; or

(iii) The Group's state of affairs in future financial periods.

Competent Person's Statement:

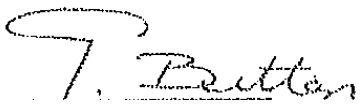
The information that relates to Exploration Results and Mineral Resources in the report of which this statement is a summary, is based on information compiled by Stewart Nupen, who is registered with the South African Council for Natural Scientific Professionals (Reg. No. 400174/07) and is a member of 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.

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 16.

Dated at Perth this 16th day of March 2015

Signed in accordance with a resolution of the Directors.



Grant Button
Finance Director

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2014, 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

Fiona Drummond
Partner
16 March 2015

Ferrum Crescent Limited
ACN 097 532 137
Consolidated Statement of Comprehensive Income

For the half-year from 1 July 2014 to 31 December 2014

	Note	6 months to 31 December 2014 AUD	6 months to 31 December 2013 AUD
Revenue from continuing operations			
Revenue	3(i)	19,749	19,669
		19,749	**19,669**
Fair value (loss) / gain on financial instrument	3(ii) & 4(i)	327,961	(642,742)
Exploration expenditure		(204,194)	(142,310)
Foreign exchange gain		107,897	47,802
Share based payments		(31,438)	(113,274)
Other expenses	3(iii)	(790,725)	(856,870)
Gain on disposal of available for sale investment		137,597	-
(Loss) before income tax		**(433,153)**	**(1,687,725)**
Income tax (expense)/benefit		(30,537)	-
Net (loss) for the period		**(463,690)**	**(1,687,725)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Net exchange gain / (loss) on translation of foreign operation		(139,769)	17,373
Net fair value gains on available for sale investment		28,536	40,690
Income tax effect		(7,990)	(11,393)
Reclassification adjustment relating to the disposal of available-for-sale investments included in the income statement		(137,597)	**-**
Income tax effect		38,527	**-**
Other comprehensive income/(loss) for the period, net of tax		**(218,293)**	**46,670**
Total comprehensive (loss) for the period		**(681,983)**	**(1,641,055)**
Net (loss) for the period is attributable to:			
Non-controlling interest		-	-
Owners of the parent		(463,690)	(1,687,725)
		(463,690)	**(1,687,725)**
Total comprehensive (loss) for the period attributable to:			
Non-controlling interest		-	-
Owners of the parent		(681,983)	(1,641,055)
		(681,983)	**(1,641,055)**

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

Loss per share		**Cents per share**	**Cents per share**
- basic (loss) per share	9	(0.11)	(0.49)
- diluted (loss) per share	9	(0.11)	(0.49)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Ferrum Crescent Limited
ACN 097 532 137
Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 AUD	30 June 2014 AUD
Current Assets			
Cash and cash equivalents		1,067,545	738,345
Trade and other receivables		141,724	34,210
Other current financial assets	4a	570,270	240,517
Prepayments		83,132	54,408
Total Current Assets		**1,862,671**	**1,067,480**
Non-current Assets			
Plant and equipment		39,364	46,981
Non-current financial assets	4b	128,584	772,429
Total Non-current Assets		**167,948**	**819,410**
Total Assets		**2,030,619**	**1,886,890**
Current Liabilities			
Trade and other payables		165,238	322,582
Loans and Borrowings	5	593,063	515,999
Provisions		88,966	95,883
Total Current Liabilities		**847,267**	**934,464**
Total Liabilities		**847,267**	**934,464**
NET ASSETS		**1,183,352**	**952,426**
Equity			
Contributed equity	6	30,340,460	29,333,702
Reserves	8	(8,188,514)	(7,876,372)
Accumulated losses		(20,968,594)	(20,504,904)
PARENT INTEREST		**1,183,352**	**952,426**
NON-CONTROLLING INTEREST		-	-
TOTAL EQUITY		**1,183,352**	**952,426**

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

Ferrum Crescent Limited
ACN 097 532 137
Consolidated Statement of Changes in Equity

For the half-year from 1 July 2014 to 31 December 2014

	Contributed Equity AUD	Accumulated Losses AUD	Employee Share Incentive Reserve AUD	Option Reserve AUD	Foreign Exchange Reserve AUD	Available For Sale Reserve AUD	Equity Reserve AUD	Total Equity AUD
At 1 July 2013	27,856,478	(17,939,306)	513,702	1,404,425	130,462	25,803	(10,126,072)	1,865,492
(Loss) for the period	-	(1,687,725)	-	-	-	-	-	(1,687,725)
Other comprehensive income (net of tax)	-	-	-	-	17,373	29,297	-	46,670
Total comprehensive loss (net of tax)	-	(1,687,725)	-	-	17,373	29,297	-	**(1,641,055)**
Directors salary sacrifice for shares	-	-	101,274	-	-	-	-	101,274
Shares issued during the period net of transaction costs	1,400,976	-	-	-	-	-	-	1,400,976
Options issued under employee option plan	-	-	-	12,000	-	-	-	12,000
At 31 December 2013	**29,257,454**	**(19,627,031)**	**614,976**	**1,416,425**	**147,835**	**55,100**	**(10,126,072)**	**1,738,687**
At 1 July 2014	29,333,702	(20,504,904)	608,335	1,428,281	134,560	78,524	(10,126,072)	952,426
(Loss) for the period	-	(463,690)		-	-	-	-	(463,690)
Other comprehensive income (net of tax)	-	-	-	-	(139,769)	(78,524)	-	(218,293)
Total comprehensive loss (net of tax)	-	(463,690)	-	-	(139,769)	(78,524)	-	(681,983)
Directors and KMP salary sacrifice for shares	-	-	49,999	-	-	-	-	49,999
Directors and KMP salary sacrifice for shares issued	171,147	-	(171,147)	-	-	-	-	-
Shares issued during the period net of transaction costs	835,611	-	-	-	-	-	-	835,611
Options issued under employee option plan	-	-	-	27,299	-	-	-	27,299
At 31 December 2014	**30,340,460**	**(20,968,594)**	**487,187**	**1,455,580**	**(5,209)**	**-**	**(10,126,072)**	**1,183,352**

Ferrum Crescent Limited
ACN 097 532 137
Consolidated Statement of Cash Flows

For the period 1 July 2014 to 31 December 2014

	Note	6 months to 31 December 2014 AUD	6 months to 31 December 2013 AUD
Cash flows from operating activities			
Interest received		4,634	12,167
Income from available for sale financial assets		15,115	7,502
Payments to suppliers and employees		(1,279,400)	(709,734)
Payment for exploration and evaluation costs		(205,986)	(140,225)
Net cash flows used in operating activities		**(1,465,637)**	**(830,290)**
Cash flows from investing activities			
Payments for plant and equipment		216	-
Purchase of available for sale financial assets		(282,694)	(203,137)
Proceeds from disposal of available for sale financial assets		1,036,758	409,200
Net cash flows from / (used in) investing activities		**754,280**	**206,063**
Cash flows from financing activities			
Proceeds from issue of shares		1,204,224	1,512,000
Costs of capital raising		(196,597)	(111,024)
Net cash flows from financing activities		**1,007,627**	**1,400,976**
Net increase / (decrease) in cash and cash equivalents		**296,270**	**776,749**
Cash and cash equivalents at beginning of period		738,345	548,265
Effect of foreign exchange on cash and cash equivalents		32,930	27,888
Cash and cash equivalents at end of period		**1,067,545**	**1,352,902**

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 half-year financial statements

For the period 1 July 2014 to 31 December 2014

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

Corporate information

The financial report of Ferrum Crescent Limited for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 16 March 2015. Ferrum Crescent Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities 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 Directors' Report.

Basis of preparation

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

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

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Ferrum Crescent Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The half-year report has been prepared on a historical cost basis except for the forward subscription agreement and the available-for-sale financial assets which are 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 2014.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014, except for the adoption of all new and amended standards and interpretations effective as of 1 January 2014, including:

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

For the period 1 July 2014 to 31 December 2014

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

Reference	Title
AASB 2011-4	**Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 2012-3	**Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*** AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
Interpretation 21	***Levies*** This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.
AASB 2013-3	***Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*** AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.
AASB 2013-4	**Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]** AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

Going Concern

The Group has current assets of AUD 1,862,671 as at 31 December 2014 (30 June 2014: AUD 1,067,480), incurred a net loss of AUD 463,690 (31 December 2013: AUD 1,687,725) and had cash used in operations of AUD 1,465,637 (31 December 2013: AUD 830,290) for the six months period then ended.

The Group's forecast cash flow requirements for the 12 months ending 31 March 2016 reflects cash outflows from operating and investing activities, which take into account a combination of committed and uncommitted but currently planned expenditure. The Group's forecast indicates that the Group will need to raise capital during the quarter ending 30 June 2015 to enable it to settle its liabilities as and when they fall due and continue to meet its incurred, committed and currently planned expenditure.

The Directors have been in discussions with a number of interested parties in relation to funding the Group's working capital requirements via investments in the Group.

In the event that the Group is unable to raise additional funds to meet the Group's planned expenditure when required there is a significant uncertainty as the whether the Group will be able to meet its debts as and when they fall due and thus 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 loss for the half-year includes the following items:

	31 Dec 2014 AUD	31 Dec 2013 AUD
(i) Revenue		
Interest received	4,634	12,167
Investment income	15,115	7,502
Total Revenue	**19,749**	**19,669**
(ii) Fair value (losses)/gains		
Fair value (loss)/gain on financial instrument (note 4 note i)	327,961	(642,742)
	327,961	**(642,742)**
(iii) Other expenses		
Other expenses include the following:		
- Depreciation	10,106	12,475
- Loss on disposal of plant and equipment	-	180
- Consulting services	83,168	135,877
- Employment related services	108,373	130,942
- Other	589,078	577,396
	790,725	**856,870**

NOTE 4: FINANCIAL ASSETS

	31 Dec 2014 AUD	30 Jun 2014 AUD
(a) Current		
Rental and other deposits	5,846	5, 522
Rehabilitation trust	28,088	26,620
Financial asset at fair value through profit and loss – forward subscription agreement (note i)	536,336	208,375
	570,270	**240,517**
(b) Non-current		
Available for sale financial assets (note ii and iii)	128,584	772,429
	128,584	**772,429**

NOTE 4: FINANCIAL ASSETS (CONT).

Note (i) – Financial asset at fair value through profit and loss – forward subscription agreement

	31 Dec 2014 AUD	31 Dec 2013 AUD
Financial asset (liability) at fair value through profit and loss – forward subscription agreement	536,336	208,375
	536,336	**208,375**

On 26 October 2010, various agreements were entered into in respect of the minority interest in the Moonlight Iron Project being managed by the company's subsidiary Ferrum Iron Ore (Pty) Ltd ("FIO").

Ferrum South Africa Pty Ltd ("FSA"), a wholly owned subsidiary of the Ferrum Crescent Ltd ("FCL"), entered various agreements with Mkhombi Investments (Pty) Ltd "MI" and its holding company, Mkhombi AmaMato (Pty) Ltd ("MA") for MI to become FIO's BEE partner. MA was to obtain 15,6% of the issued shares in FCL in 2 equal tranches of ZAR 7.5 million. The South African Department of Mineral Resources expressed its support of this transaction. The first tranche was completed on 30 November 2012 and FCL issued 7,8% of its issued shares to MA.

Upon completion of the first tranche, the Company legally owned, directly and indirectly through its wholly owned subsidiary, MI, 97% of FIO, with the remaining 3% held by the GaSeleka Community.

Under the subscription agreement, second tranche, Ferrum Crescent Limited will issue shares to MA equal to 7.8% of the issued share capital of the Company for ZAR 7.5 million. The subscription agreement has been extended to 31July 2016.

The above financial asset, measured at fair value through profit and loss, represents the fair value of this contractual arrangement as at 31 December 2014.

The forward subscription agreement valuation is sensitive to the movement in Ferrum Crescent Limited's share price (31 December 2014: AUD 0.007; 30 June 2014: AUD 0.016) and the RAND / AUD exchange rate (31 December 2014: AUD 9.8619; 30 June 2014: AUD 10.4058); accordingly the large changes in these market rates have seen a corresponding impact on the fair value movement at 31 December 2014.

Note (ii) – Available for sale financial assets

	31 Dec 2014 AUD	30 Jun 2014 AUD
Non-current		
Investo Linked Investment Portfolio	**-**	**772,429**
	-	**772,429**

The available for sale investment was an Investo Linked Investment portfolio, which was set up with Momentum Insurance from 1 April 2012 to cover the rehabilitation of all subsidiary mining activities in accordance with the requirements of the Moonlight Mining Right.

NOTE 4: FINANCIAL ASSETS (CONT).

Cash withdrawals were made up to a restricted percentage of the net fund value at the time of each withdrawal.

On 16th July 2012 a Deed of Surety and Indemnity was signed ceding this investment portfolio to Constantia Insurance Company Limited (SGIGA) in return for a guarantee to the Directorate Mineral Regulation (DMR) for the confirmed amount of R 7,517,000.

In November 2014 the above guarantee was cancelled and replaced by a guarantee underwritten by Guardrisk Insurance and the investment was paid out to the Group.

Note (iii) – Available for sale financial assets

	31 Dec 2014 AUD	30 Jun 2014 AUD
Non-current		
Insurance experience account	**128,584**	**-**
	128,584	**-**

On 30th October 2014 Guardrisk Insurance Limited ("Guardrisk") issued a financial guarantee (#GR/G/20851/114) on behalf of the Company for the rehabilitation of land disturbed by mining at the Moonlight Project to the DMR (Department of Mineral Resources) in South Africa. As per note (ii) above this mining rehabilitation guarantee has replaced the Constantia Insurance Company Limited (SGIGA) guarantee that was linked to their Momentum Investment

The value of the guarantee is for R 7,517,000 and will remain in place until a closure certificate has been received by the guarantor in terms of the MPRDA (Minerals and Petroleum Resources Development Act, 2002) and the company has provided proof that it has complied with all the provisions of the company's environmental management programme as approved by the DMR.

NOTE 5: LOANS AND BORROWINGS

	31 Dec 2014 AUD	30 Jun 2014 AUD
Current		
Anvwar Asian Investments	**593,063**	**515,999**
	593,063	**515,999**

During the financial period ended June 2014, the Company entered into a legally binding heads of agreement with Anvwar Asian Investment ("AAI"), an entity based in Oman, whereby AAI would purchase a 35% interest in Ferrum Iron Ore (Pty) Ltd ("FIO"), the Group Company that holds the Moonlight Iron Ore Project. After a number of term variations of this letter of intent, Ferrum entered into a new agreement with AAI in March 2014, whereby AAI would pay US$1 million, by way of two tranches of US$500,000, one payable by the end of March 2014 and the second payable by the end of April 2014, thereby earning the right subject to the requisite approvals of the South African Reserve Bank to the issue of FIO shares equalling 35% of the shares of that company, being partly paid, subject to the right to pay an additional US$9 million to become fully paid or to be converted into 35% of FIO fully paid. The additional US$9 million had to be paid by the earlier of 31 December 2015 and the completion of the Moonlight BFS.

A second payment of US$500,000 was not received by Ferrum Crescent from AAI within the time frame scheduled under the agreement. Ferrum Crescent has informed AAI of its default, and AAI remains in default as at the date of this report. Accordingly, the first tranche of US$500,000 has been recorded as a current liability.

On 14 March 2015 Ferrum Crescent Limited terminated the investment agreements between Ferrum Crescent Limited and AAI, as a result of AAI's breach of a material term of the agreements.

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

For the period 1 July 2014 to 31 December 2014

NOTE 6: CONTRIBUTED EQUITY	31 Dec 2014 No. of Shares	30 June 2014 No. of Shares	31 Dec 2014 AUD	30 June 2014 AUD
(a) Share Capital				
Ordinary Shares				
Ordinary Shares fully paid	**518,797,353**	380,602,777	**30,850,365**	29,843,607
Less: Employee share plan shares	**(6,595,000)**	(6,595,000)	**(509,905)**	(509,905)
	512,202,353	374,007,777	**30,340,460**	29,333,702

(b) Movements in ordinary share capital

	Half-Year 31 December 2014	
	Number	**AUD**
At beginning of reporting period	380,602,777	29,843,607
10 November 2014 - Allotment	49,065,642	392,525
13 November 2014 - Underwritten	58,434,358	467,475
12 December 2014 - Salary Sacrifice Shares	9,158,757	171,147
12 December 2014 - additional placement	21,525,819	172,207
Costs associated with share issues	**-**	(196,596)
At reporting date	**518,787,353**	**30,850,365**
Less: Employee share plan shares on issue	(6,595,000)	(509,905)
	512,202,353	**30,340,460**

NOTE 6: ISSUED CAPITAL (CONT.)

	Number	**AUD**
(c) Movements in employee share plan shares issued with limited recourse loans.		
At beginning of reporting period	6,595,000	509,905
Movement in employee share plan shares	-	-
At reporting date (1)	**6,595,000**	**509,905**

(1) Included in the above are 4,295,000 shares that are considered to be "stale" as per the Share Plan rules. The shares will be sold and the proceeds will be applied to pay back the loans that were advanced by the Group. These shares must be sold in accordance with the Corporations Act within 12 months of being held by the Company.

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.

NOTE 6: ISSUED CAPITAL (CONT.)

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. The plan is accounted for as an in substance option award.

No new shares have been issued on the Executive Share Incentive Plan for the 6 months ended 31 December 2014.

Salary Sacrifice Share Scheme

Shareholder approval was 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.

Various individuals have elected during the period to participate in the salary sacrifice plan, and the number of shares rights that have been accrued (vested) or shares 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). The number of shares issued as a result of such participation is as follows:

Shares Issued	**31 December 2014** **No of Shares**	**30 June 2014** **No of Shares**
E Nealon	6,529,442	-
RW Hair	-	-
G Button	1,602,423	-
S Huntly	-	1,267,065
A Nealon	1,026,892	3,134,327
Total	**9,158,757**	**4,401,392**

Shares Waived	**31 December 2014** **No of Shares**	**30 June 2014** **No of Shares**
E Nealon	-	2,648,617
RW Hair	-	2,777,186
G Button	-	552,504
S Huntly	-	-
A Nealon	-	-
Total	**-**	**5,978,307**

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For the period 1 July 2014 to 31 December 2014

NOTE 6: ISSUED CAPITAL (CONT.)

Shares Rights Accrued	31 December 2014 No of Shares	30 June 2014 No of Shares
E Nealon	2,772,812	3,756,630
RW Hair	-	-
G Button	680,490	921,933
S Huntly	-	1,267,065
A Nealon	-	2,174,758
Total	**3,453,302**	**8,120,386**

NOTE 7: OPTIONS

	31 December 2014 No. of Options	30 June 2014 No. of Options
Options		
At end of reporting period the following options were on issue:		
- 14 December 2015 Options exercisable at 10 cents per share	**400,000**	400,000
- 21 November 2016 Options exercisable at 03 cents per share	**500,000**	500,000
- 19 February 2017 Options exercisable at 08 cents per share	**2,500,000**	2,500,000
- Total Options	**3,400,000**	3,400,000
Key management personnel to whom the above options are issued		
- V Harvey	400,000	400,000
- BJ Gardner	250,000	250,000
- DL Richards	250,000	250,000
- T Revy	2,500,000	2,500,000
	3,400,000	3,400,000

	31 December 2014 No. of Options	30 June 2014 No. of Options
Movement		
At beginning of the reporting period	**3,400,000**	21,896,727
Options issued during the period	**-**	3,000,000
Options cancelled during the period	**-**	(21,496,727)
At reporting date	**3,400,000**	3,400,000

NOTE 7: OPTIONS (CONT.)

Options issued in consideration for services

Fair value of options granted

The fair value at grant date of options issued is determined using the binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were issued for the 6 months ended 31 December 2014

The table below summarises the model inputs for the options that have been granted:

Options granted for no consideration	400,000
Exercise price (AUD)	0.10
Issue date	14 December 2012
Expiry date	14 December 2015
Underlying security spot price at grant date (AUD cents)	3 cents
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3 years
Risk-free interest rate	2.81%
Binomial model valuation per option (AUD cents per share)	1.16 cents/share

Options granted for no consideration	500,000
Exercise price (AUD)	0.03
Issue date	01 November 2013
Expiry date	01 November 2016
Underlying security spot price at grant date (AUD cents)	3 cents
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3 years
Risk-free interest rate	3.08%
Binomial model valuation per option (AUD cents per share)	1.65 cents/share

Options granted for no consideration	2,500,000
Exercise price (AUD)	0.08
Issue date	19 February 2014
Expiry date	19 February 2017
Underlying security spot price at grant date (AUD cents)	6 cents
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3 years
Risk-free interest rate	2.97%
Binomial model valuation per option (AUD cents per share)	4.12 cents/share

The expected price volatility is based on the historic volatility of the Company's share price on the market.

NOTE 7: OPTIONS (CONT.)

Options issued subsequent to 31 December 2014

On 2 February 2015 the following options were issued to Hume Capital Securities plc, the Company's Broker and are excluded from above:

- 2 February 2018 Options exercisable at GBP0.0075 per share	**2,000,000**
- 2 February 2018 Options exercisable at GBP0.02 per share	**3,000,000**

On 2 March 2015 the following options were issued to Stand Hanson Limited, the Company's Financial Advisor and are excluded from above:

- 1 March 2018 Options exercisable at GBP0.0075 per share	**2,000,000**
- 1 March 2018 Options exercisable at GBP0.02 per share	**3,000,000**
After reporting date	**10,000,000**

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NOTE 8: RESERVES

	Employee share incentive reserve	Option reserve	Foreign exchange reserve	Available for sale reserve	Equity reserve	Total
	AUD	AUD	AUD	AUD	AUD	AUD
At 1 July 2013	**513,702**	**1,404,425**	**130,462**	**25,803**	**(10,126,072)**	**(8,051,680)**
Currency translation differences on foreign operations	-	-	17,373	-	-	17,373
Directors' salary sacrifice for shares	101,274	-	-	-	-	101,274
Fair value gain on available for sale financial assets	-	-	-	29,297	-	29,297
Options issued	-	12,000	-	-	-	12,000
At 31 December 2013	**614,976**	**1,416,425**	**147,835**	**55,100**	**(10,126,072)**	**(7,891,736)**
At 1 July 2014	**608,335**	**1,428,281**	**134,560**	**78,524**	**(10,126,072)**	**(7,876,372)**
Currency translation differences on foreign operations	-	-	(139,769)	-	-	(139,769)
Directors' salary sacrifice for shares	49,999	-	-	-	-	49,999
Fair value gain on available for sale financial assets	-	-	-	20,546	-	20,546
Options issued	-	27,299	-	-	-	27,299
Directors and KMP shares issued	(171,147)	-	-	-	-	(171,147)
Reclassification adjustment for gains included in the income statement (net of tax effect)	-	-	-	(99,070)	-	(99,070)
At 31 December 2014	**487,187**	**1,455,580**	**(5,209)**	**-**	**(10,126,072)**	**(8,188,514)**

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
This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity Reserve
This 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.

Available for Sale Reserve
This reserve is used to record the growth that is received on the available for sale investments.

NOTE 9: EARNINGS PER SHARE

	31 December 2014	31 December 2013
(a) Basic (loss) per share – cents per share	(0.11)	(0.49)
(b) Diluted (loss) per share – cents per share*	(0.11)	(0.49)
(c) Reconciliations		
Net (loss) / profit used in calculating basic and diluted earnings per share	(463,690)	(1,687,725)

	Number of Shares	Number of Shares
Weighted average number of shares used in basis (loss) per share	414,429,334	343,268,696
Weighted average number of shares used in diluted (loss) per share	414,429,334	343,268,696

Note 1 – 3,400,000 share options outstanding at 31 December 2014 (31 December 2013: 900,000) have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.

Note 2 – 29,954,525 potential shares to be issued under the subscription agreement (note 4) have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.

(d) Headline (Loss) / Earnings per share disclosed as required by the JSE Limited		
(Loss) / profit attributable to ordinary equity holders of the parent entity.	(463,690)	(1,687,725)
Adjusted net of tax:		
Profit on sale of available for sale assets	(99,070)	-
Profit on disposal of plant and equipment	-	180
Headline Earnings	**(562,760)**	**(1,687,545)**
Headline earnings per share	(0.14)	(0.49)

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	Jan 2015 to Dec 2015	33,146
Johannesburg	Jan 2016 to Mar 2016	8,589
		41,735

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

Apart from any items being referred to in the above notes, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect:

(i) The Group's operations in future financial periods; or

(ii) The results of those operations in future financial periods; or

(iii) The Group's state of affairs in future financial periods.

NOTE 13: FINANCIAL INSTRUMENTS

The carrying amount of financial assets and financial liabilities of the consolidated Group approximated their fair value.

Determination of fair values

The determination of fair values for the financial assets and financial liabilities has been performed on the following basis:

Cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the available for sale financial asset is determined by reference to their net asset value at the reporting date.

NOTE 13: FINANCIAL INSTRUMENTS (CONT.)

The fair value of the subscription agreement has been determined by reference to the Company's best estimate of the fair value of the contractual arrangement taking into consideration the underlying price of the Company and foreign exchange rate.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

As at 31 December 2014, the Group held the following classes of financial instruments measured at fair value:

	31 Dec 2014 AUD	30 Jun 2014 AUD
Level 2		
Available for sale financial assets	-	772,429
Financial (liability)/asset at fair value through profit and loss – forward subscription agreement	536,336	208,375
	536,336	**980,804**
Level 3		
Available for sale financial assets	128,584	-
	128,584	**-**

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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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:

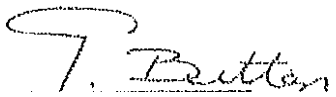
(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position as at 31 December 2014 and the performance for the period 1 July 2014 to 31 December 2014; 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



Grant Button
Finance Director
Perth
16 March 2015

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

To the members of Ferrum Crescent Limited

Report on the 31 December 2014 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ferrum Crescent Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 2014 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 2014 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*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Fiona Drummond
Partner
Perth
16 March 2015