23rd February 2017

Ferrum Crescent Limited

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

Encouraging Exploration Results and Phase 1 Drill Programme, Toral Project, Spain

Ferrum Crescent, the ASX, AIM and JSE quoted metals developer, is pleased to announce the results from its internal soil geochemistry and channel sampling at the Toral project, Spain (the "Toral Project"). Detailed mapping, sampling and remodelling work carried out over the last three months has yielded positive zinc results. The Company also announces a limited, shallow diamond drilling programme to target mineralised zones within 200 metres of the surface, which is expected to commence in Q2 2017.

Highlights:

- Results from 575 soil samples, 108 rock chip samples, 23 channel samples
- Channel sampling identifies various mineralisation styles near surface, including:
  - 0.9m @ 10.5% Zn & 2.5% Pb average achieved on main structure within Adit 49
  - 1.2% Cu, 6.5% Zn & 13.5% Pb returned from a 1.2m channel sample in Adit 54
- Soil sampling identifies distinct, continuous zinc-in-soil 2 kilometre anomaly, approximately 150 metres wide, including peak zinc-in-soil values of 1.4% zinc
- New mineralising styles identified, associated with:
  - Shear-related structural repetition and multiple structures sub-parallel to the main shear
  - Cross-cutting faults associated with soil anomalies and sulphide mineralisation
  - Various zones of alteration associated with soil anomalies, including dolomitisation, calcitic and chloritic alteration and zones of hydrothermal brecciation
- 13 hole drill programme plan generated to intersect shallow untested targets within main anomalous area

Merlin Marr-Johnson, Ferrum Crescent's Senior Project Manager, commented:

"These exploration results prompt a fresh view of the Toral Project. We have identified mineralisation in multiple sub-vertical, sub-parallel planes and mineralisation associated with cross-cutting faults, as well as several different styles of mineralisation. In addition, the channel samples show good grades at surface and the soil anomalies are continuous and high tenor. We have designed a compact Phase 1 drill programme at Toral, to intersect shallow targets that are largely untested to date."

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Justin Tooth, Executive Chairman of Ferrum Crescent, commented:

"We have now undertaken a thorough review of the project and have tested certain assumptions we have held on the project, allowing us to move ahead with a planned drilling programme. The drilling campaign will be a major step forward in ascertaining the potential for Toral to support a near-surface lead-zinc mining operation."

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

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014.

Work Programme Report

Introduction

Ferrum Crescent's wholly owned Toral zinc-lead-silver permit is located near Ponferrada in the west of the province of León, Autonomous Community of Castile and León, Spain, approximately 400 kilometres northwest of Madrid. The recent work undertaken by the Company has concentrated on the prospective area located vertically above the deep Toral Deposit within the same licence, which is the subject of a foreign estimate for the purpose of the ASX Listing Rules, comprising an NI 43-101 compliant Indicated foreign mineral resource estimate of 4.04 Mt at 11.8 Pb + Zn (%) and Inferred foreign mineral resource estimate of 4.67 Mt at 9.8 Pb+ Zn (%) (details of which are set out in the Company's announcement of 10 November 2016).

Recent work confirms areas of zinc-in-soil anomalism along 2 kilometres of strike extension at the Toral Project, with an average width of around 150 metres. Topographic survey completed with a high specification GPS enabled accurate positioning of old workings (adits), identifying sub-parallel zones of mineralisation. Underground channel sampling identified high grade mineralisation close to surface.

2016 / 2017 Work Programme

A work programme was designed for the Toral Project with the goal of establishing the presence of mineralisation at surface and then defining the most prospective areas of mineralisation on which to plan a targeted drill campaign. To this end, in-fill soil geochemistry sampling, rock chip sampling, and channel sampling were carried out, as well as detailed mapping. In total, recent work comprised 575 soil samples, 108 rock chip samples and 23 channel samples.

Soil and Rock Sampling Program

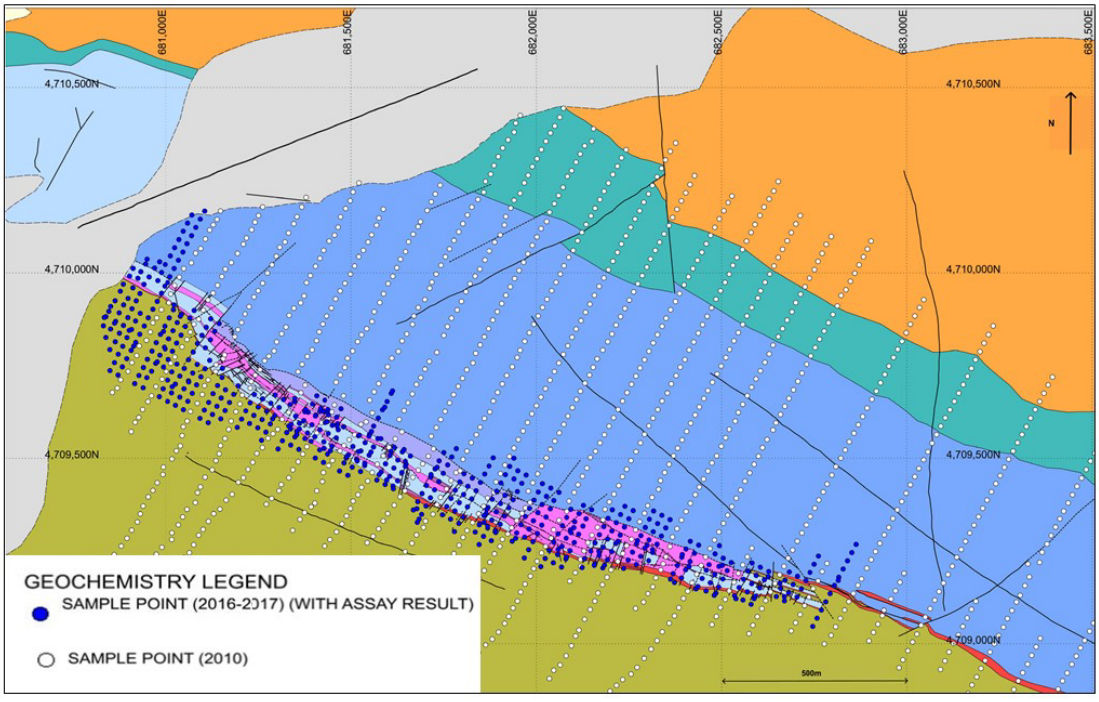
The soil survey was an in-fill survey, adding detail to a prior geochemical survey of 2,686 samples carried out in 2011 and 2012 on 100 metre spaced lines and 25 metre spaced samples. The in-fill survey has resulted in 25 metre spaced lines and 25 metre spaced samples, over an extension of 2,000 metres and a width of approximately 200 metres. The sampling was designed to add detail to existing anomalies and extend the survey grid where previous surveys did not reach background values.

Soil samples were collected in the field as 200 grams of minus 2 millimetre sieved soils, and were sampled from a depth of 25 to 30 centimetres. Rock chip samples were taken when soils were poorly developed or for specific mineralogical investigation.

Samples were pulverised and prepared at ALS Chemex in Spain, before being sent and assayed for multi-element analysis using ME ICP 41 (35 element) analysis at ALS Chemex in Ireland. Samples with over 1% of mineralisation were reassayed using ME OG46.

The location of Soil samples is shown in Figure 1 and Rock Chip samples are shown in Figure 2.

Figure 1: Soil sampling locations, 2016-2017 (blue) and pre-existing samples (white)



Source: Ferrum Crescent

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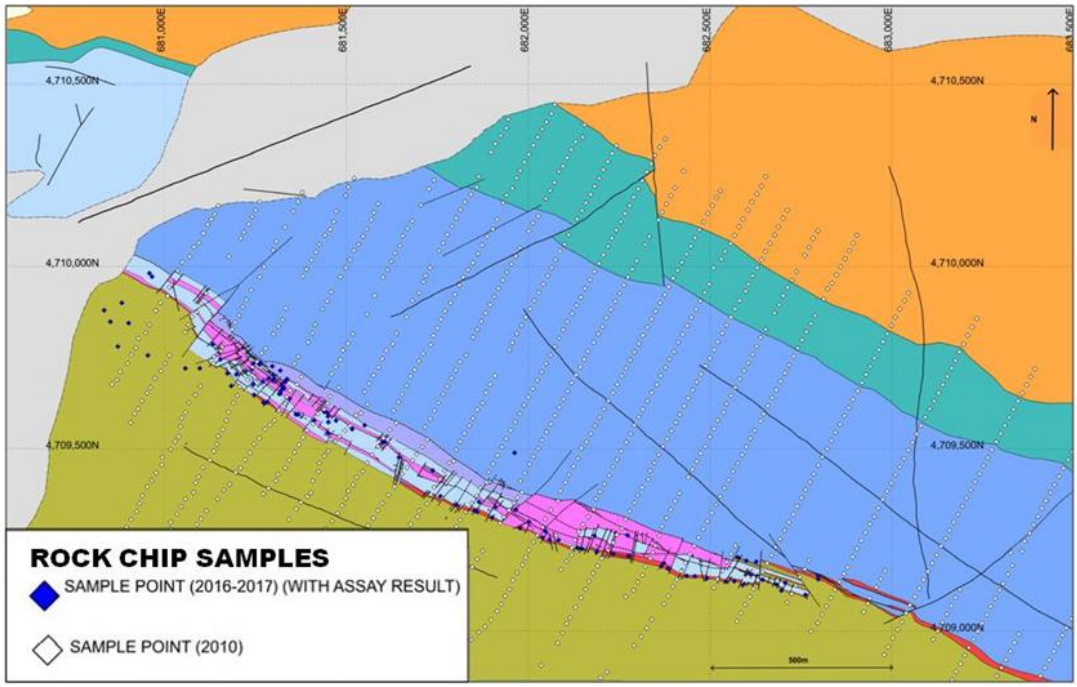
Figure 2: Rock chip sampling locations, 2016-2017 and historical locations



Source: Ferrum Crescent

Figure 3a: Zinc in soil values, all locations

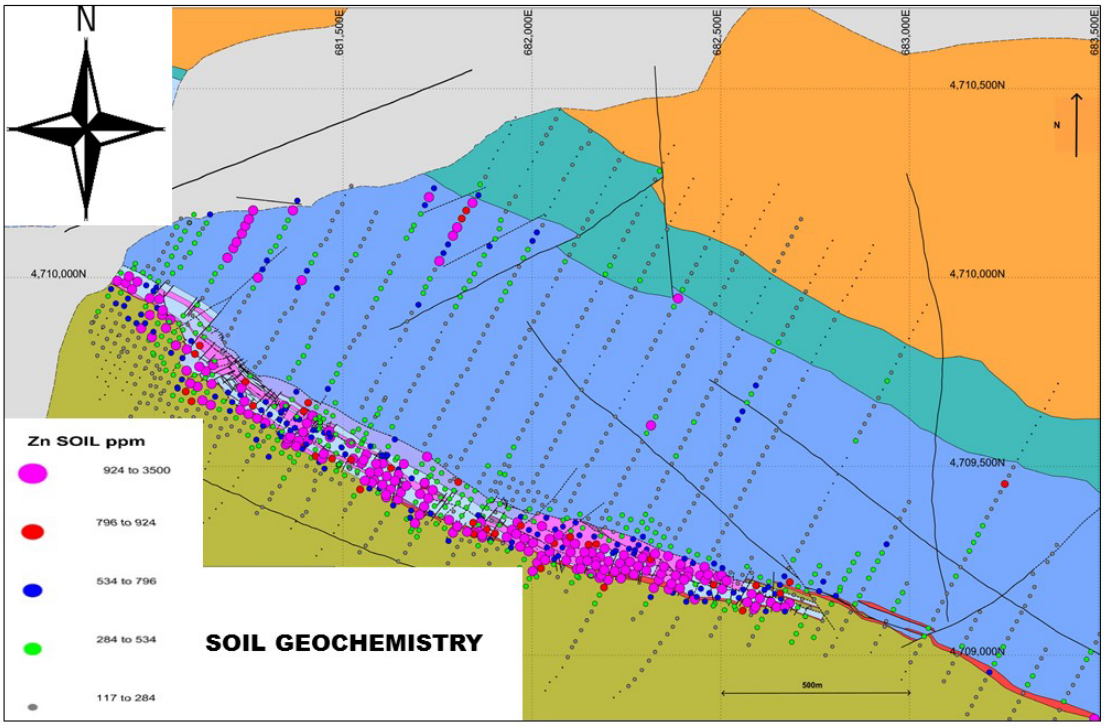


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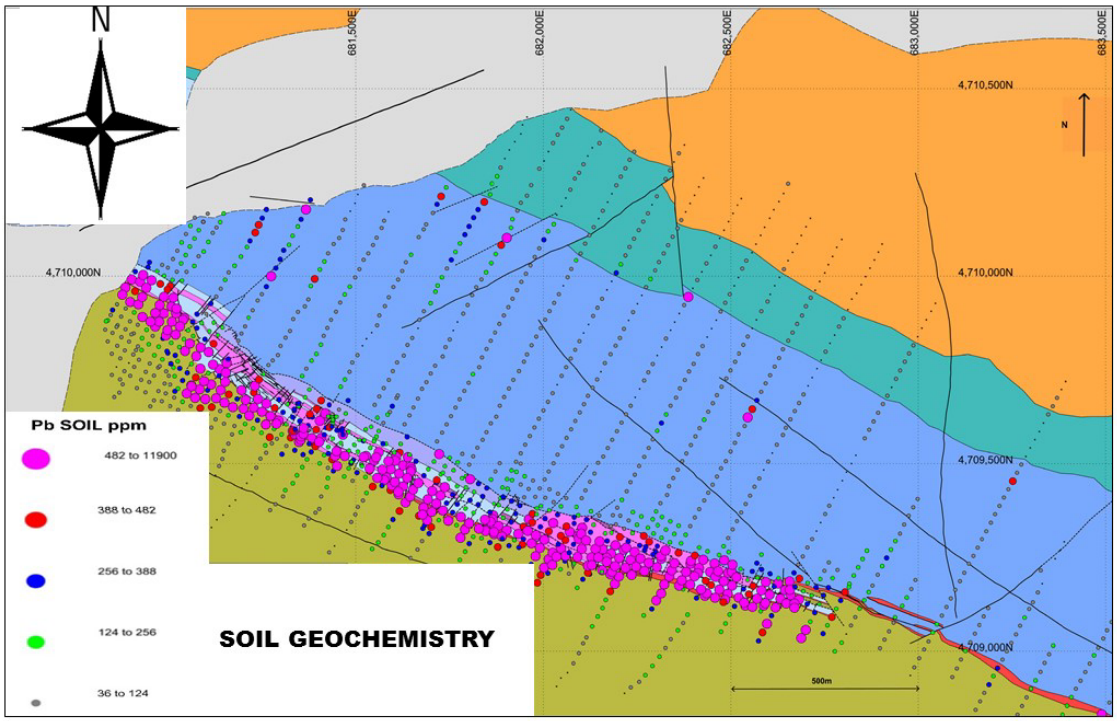
Figure 3b: Lead in soil values, all locations



Source: Ferrum Crescent

Zinc values from the soil survey are shown in Figure 3a and lead values shown in Figure 3b. Pink dots are above 924ppm zinc in Figure 3a and above 482ppm lead in Figure 3b.

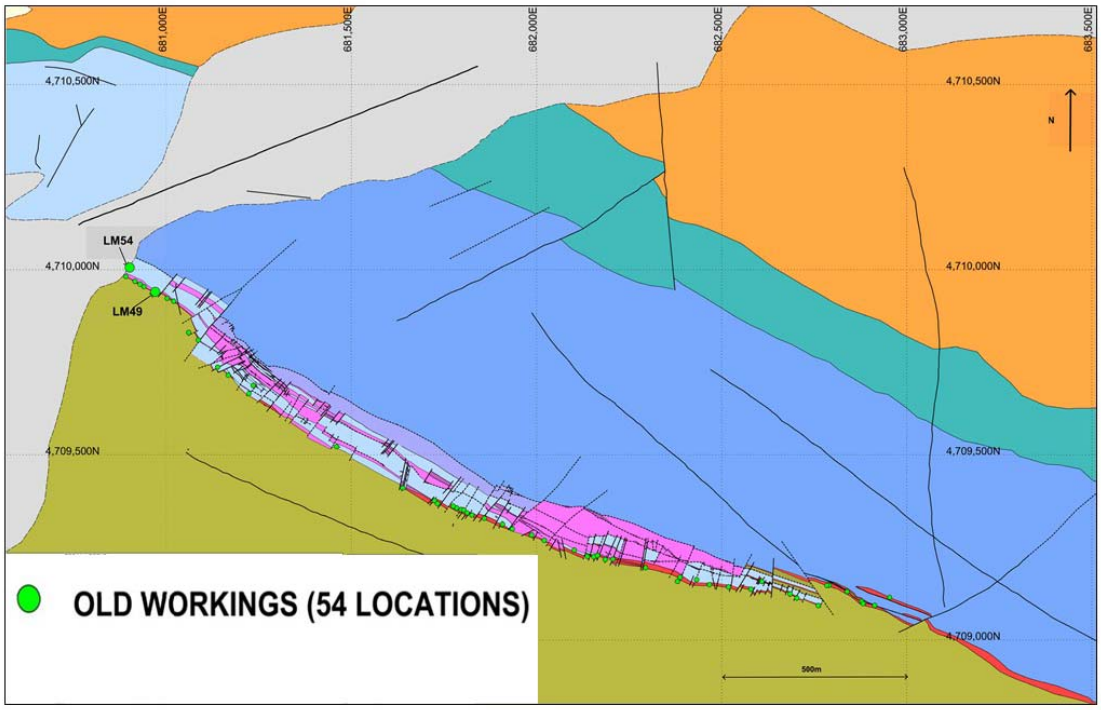
The soil sampling programme identified an anomalous zone of approximately 2 kilometres long and an average of 150 metres wide. The anomaly is not of uniform thickness, pinching and swelling along its length, reaching 100 metres at its narrowest point, and regularly up to 200 metres wide. Geological mapping supports the interpretation that cross-cutting structures and associated dolomitisation or silicification of the limestone, or quartz-vein development, or a combination of the above coincide with the broadest and most intense anomalous zones.

Some of the soil anomalies remain open across strike and a limited continuation of the programme will be carried out to close off these anomalous areas. A summary of the lead and zinc in soil results for recent work carried out at the Toral Project are described in Appendix 1. Further information on the sampling methodology in according with the JORC (2012) code can be found in Appendix 2.

Channel Sampling Program

During November and December 2016, Ferrum Crescent mapped the location of a number of old adits and where access was possible entered, mapped, and took samples. The aim of the channel sampling was to identify the presence of mineralised material in a near-surface setting. With a rock saw, the Company cut a total of 15.75 metres of channel samples and separated into 23 samples defined by geological features. The methodology was to make two parallel cuts approximately 3 centimetres apart and then chiselled out to a depth of approximately 2 centimetres perpendicular to the mineralised structure. Polythene sheets were laid below the work face, and separate samples bagged up. Channel samples in Adit 49 were taken in three main areas: the mineralised zone, a fault zone and a sterile zone beyond the fault zone.

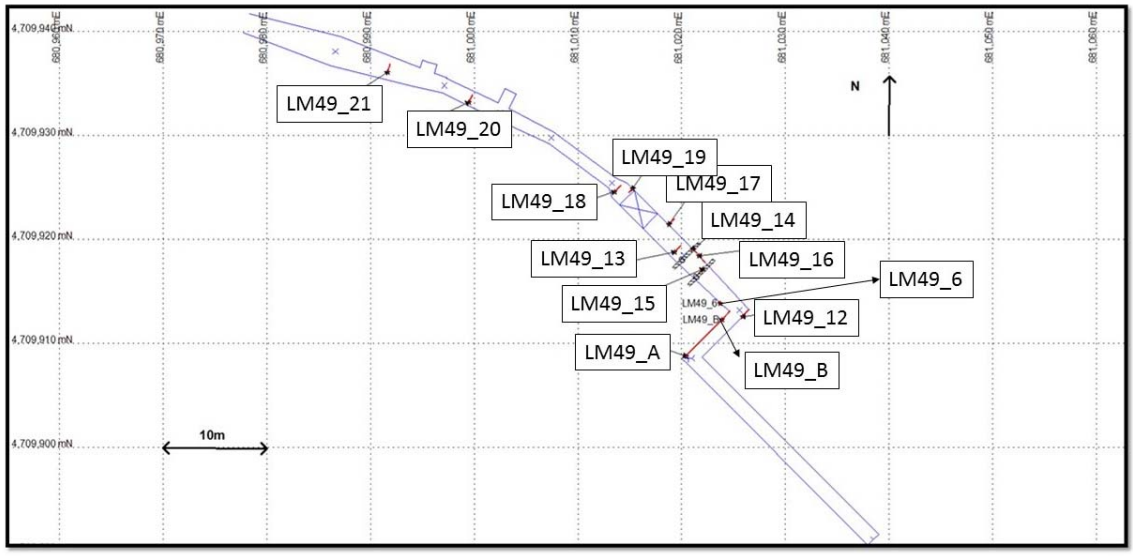
Figure 4: Location of Adits and Old Workings



Source: Ferrum Crescent

Channel samples were mostly taken from Adit 49. This working is excavated on a silicified shear within limestone, located close to a slate unit. Mineralisation is typical of 'Rubiales' style ore, with coarse-grained galena and sphalerite banded parallel to structure. The adit has been stoped out to a maximum width of 5 metres, although the structure pinches locally to a width of less than 1 metre. Care was taken to ensure sampling was done across structure (Figure 5).

Figure 5: Plan of Adit 49 and sample locations



Source: Ferrum Crescent

Samples 1-12 were taken in the sterile zone to check for potential fine-grained mineralisation. Samples 14, 15 and 16 were taken in the fault zone, and the results demonstrate that cross-cutting faults also carry lead-zinc mineralisation. Samples 13, 17-21 were taken in the main mineralised zone. Within this main zone, samples 18 and 19 are two sections of the same mineralised face, giving combined sample width of 1.45 metres.

The average grade of the mineralised portion of the shear accessible for sampling and perpendicular to structure is 10.5% Zn and 2.5% Pb, with an average thickness of 0.9 metres. The fault zone averaged 2.8% Zn and 1.9% Pb. In the sterile zone the highest assay results were 1.1% Zn in one sample, and 0.4% lead in a second. All assay results are presented in the tables below, and the sample locations shown in Figure 5, Plan of Adit 49.

Table 1: Channel sample results from sterile zone (Samples 1-12)

Trench_ID	Sample_N	From	To	Length (m)	Cu %	Pb %	Zn %	Ag ppm	Comment
LM49_A	LM49_11	0.00	1.02	1.02	0.00	0.00	0.01	0	Sterile zone
	LM49_10	1.02	1.57	0.55	0.01	0.00	0.01	0	Sterile zone
	LM49_9	1.57	2.03	0.46	0.01	0.00	0.01	0	Sterile zone
	LM49_8	2.03	2.43	0.40	0.00	0.00	0.01	0	Sterile zone
	LM49_7	2.43	2.95	0.52	0.00	0.01	0.01	0	Sterile zone
	LM49_1	2.95	3.92	0.97	0.00	0.01	0.01	0	Sterile zone
	LM49_2	3.92	4.32	0.40	0.00	0.08	0.00	1	Sterile zone
	LM49_3	4.32	4.95	0.63	0.01	0.04	0.03	1	Sterile zone
LM49_B	LM49_4	0.00	0.63	0.63	0.04	0.40	0.04	2	Sterile zone
	LM49_5	0.63	1.15	0.52	0.03	0.34	0.05	2	Sterile zone
LM49_12	LM49_12	0.00	1.25	1.25	0.02	0.17	0.12	2	Sterile zone
LM49_6	LM49_6	0.00	0.25	0.25	0.01	0.09	0.07	1	Sterile zone

Table 2: Channel sample results from fault zone (samples 14-16)

Trench_ID	From	To	Length m)	Cu %	Pb %	Zn %	Ag ppm	Comment
LM49_14	0.00	0.55	0.55	0.04	1.15	2.03	9	Fault zone
LM49_15	0.00	0.68	0.68	0.08	1.85	1.44	15	Fault zone
LM49_16	0.00	0.90	0.90	0.05	2.65	4.96	20	Fault zone

Table 3: Channel sample results from main zone (samples 13 and 17-21)

Trench_ID	From	To	Length (m)	Cu %	Pb %	Zn %	Ag ppm	Comment
LM49_17	0.00	0.84	0.84	0.58	0.23	0.27	24	Main Zone
LM49_13	0.00	0.86	0.84	0.20	3.75	23.40	24	Main Zone
LM49_18	0.00	0.85	0.85	0.08	3.17	2.75	24	Main Zone
LM49_19	0.00	0.60	0.60	0.10	4.69	16.80	39	Main Zone
Combined 18 & 19			1.45	0.09	3.93	9.78	31	Combined
LM49_20	0.00	0.46	0.46	0.06	1.86	9.87	20	Main Zone
LM49_21	0.00	0.80	0.80	0.10	2.75	9.33	23	Main Zone
Average			**0.88**	**0.21**	**2.50**	**10.53**	**25**	

Two additional channel samples were taken, from Adit 54. Sample LM54_23 from Adit 53 is from an area exhibiting a previously undocumented mineralising style. The rock is comprised of a hydrothermal breccia, with strong chloritic and calcite alteration. The channel sample is 1.17 metres in length and returned grades of 195ppm Ag, 1.16% Cu, 6.48% Zn and 13.45% Pb.

Table 4: Channel sample results from Adit 54 (Samples 22 and 23)

Trench_ID	From	To	Length (m)	Cu %	Pb %	Zn %	Ag ppm	Comment
LM54_22	0.00	0.44	0.44	0.03	0.50	0.40	1	Main Zone
LM54_23	0.00	1.17	1.17	1.16	13.45	6.48	195	Main Zone

Work Programme Summary

The Board believes that the observations and results of work programme carried out by Ferrum Crescent from October 2016 to January 2017, suggest the following:

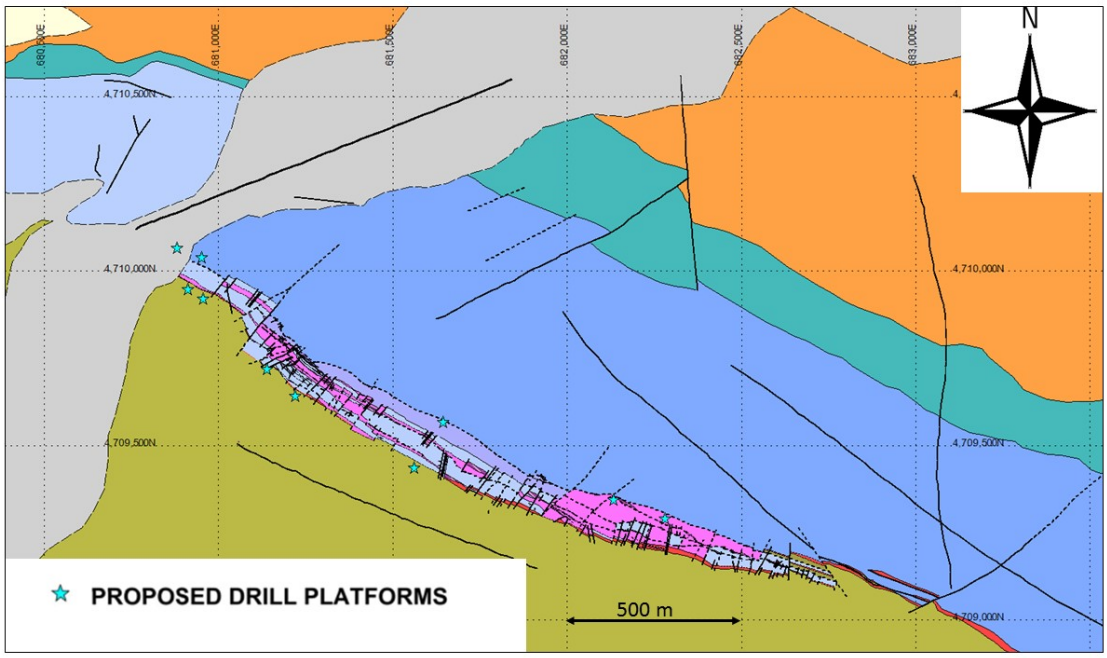
- Measurable and anomalous mineralisation extends for at least two kilometres at the Toral Project
- More than one mineralising horizon has been identified
- More than one mineralising style has been identified
- There is a structural control on the emplacement, thickness and paragenesis of the mineralisation
- Transverse and cross-cutting faults may act as controlling factors on mineralising fluids

2017 Drill Plan

Following receipt and interpretation of the positive mapping and sampling results, Ferrum Crescent has drawn up a drill plan comprising thirteen holes off twelve drill platforms, totalling 1,600 metres to 1,800 metres of diamond drilling. The primary drill targets are zones of co-incident anomalies combining soil geochemistry, rock alteration, visible mineralisation at surface or underground, and structurally favourable zones.

Using a GIS (geographic information system), Ferrum Crescent has compiled all the various data streams into a three dimensional model. The proposed 2017 drilling campaign has been based on the new understanding of the Toral Project and identification of new target zones. Figure 6 shows the location of the proposed drill platforms. Drillholes are designed to intersect multiple zones of mineralisation at depths from 50 metres to 200 metres below surface. In order to facilitate access, all drill platforms are located on existing tracks and roads.

Figure 6: Locations of proposed drill platforms



Source: Ferrum Crescent

Competent Persons Statement

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

context in which it appears. Juki Laurikko has also reviewed and approved the technical information in his capacity as a qualified person under the AIM Rules.

APPENDIX 1: Soil, Rock and Channel Sample Descriptions

Anomaly	Anomaly Size	Trending	No of Samples	Zn ppm range	Pb ppm range	Comments
New soil samples	2km	NW-SE	575 new	94-14,300 (1.4%)	30-11,600 (1.2%)	Broadly continuous high tenor NW-SE anomaly, significant width in northern portion, highest grades in SE portion
New rock chip samples	n/a	n/a	108	6-3,790 (0.4%)	4ppm to 14.2%	Sampled at points of poor soil development or interest to assist mapping
Channel samples	Adit 49	NW-SE	21	47ppm to 23.4%	29ppm to 4.7%	'Rubiales' style mineralisation. High grade in central portion (1m), poor wall rock mineralisation development
Channel sample	Adit 54	NW-SE	1	1.2% Cu, 6.5% Zn	13.5% Pb	Distinctive hydrothermal breccia, associated with chlorite, carbonatisation and cross-cutting structures

APPENDIX 2: Table 1 Appendix 5A ASX Listing Rules (JORC Code 2012)

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *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*	• Systematic soil sampling was carried out on pre-defined grids. Infill sampling was generally conducted between lines of previous geochemical surveys on 25m spaced lines with samples collected at 25m intervals, resulting in a 25m x 25m grid over the main zones of interest. Samples were taken from 30cm depth, where 200g of minus 2mm sieved soils were bagged into zip-lock bags. • Rock chip samples were taken when soils were poorly developed or for specific mineralogical investigation. • The channel samples were taken in underground workings using a rock saw, making two parallel cuts approximately 3cm apart to a depth of 2cm perpendicular to the mineralised structure. The sample was then extracted with a chisel. • Sampling was supervised by a senior geologist and conducted by trained field assistants and / or a junior geologist. Field logs were maintained recording regolith types, soil colour, slope direction, contamination, lithology etc. according to pre-defined sheets and legends. • Sample locations were recorded using a handheld, high definition GPS, a GEOMAX Zenith 35 model. • Sample preparation was done at ALS Chemex in Spain and assayed by ALS Chemex , Ireland for multi-element analysis, ME ICP 41 (35 element). Samples with over 1% of

	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.	mineralisation were reassayed using ME OG46. ● Soil samples were bagged in identical bags with manufactured demarcated lines. Each sample of minus 2mm soils were filled to a specific height to produce approximately a 200g of sample. ● Rock chip and Channel samples were bagged in identical bags. Each sample bag was filled to roughly the same level, to give a sample weight of approximately 2kg per sample.
Drilling techniques	● *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, 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).*	● Not applicable – no drilling carried out and no drilling results reported.
Drill sample recovery	● *Method of recording and assessing core and chip sample recoveries and results assessed.* ● *Measures taken to maximise sample recovery and ensure representative nature of the samples.* ● *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.*	● Not applicable – no drilling carried out and no drilling results reported.
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.* ● *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* ● *The total length and percentage of the relevant intersections logged.*	● Hand written field sampling logs at all sample points were digitally entered into Excel sheet according to a pre-defined template (Ferrum Crescent exploration database). ● No Mineral Resource Estimation was carried out during this work programme. ● Qualitative logging was carried out regarding colour, grain size, weathering, regolith, lithology, alteration type and sulphide mineralogy.
Sub-sampling techniques and sample preparation	● *If core, whether cut or sawn and whether quarter, half or all core taken.* ● *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* ● *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* ● *Quality control procedures adopted for all sub-sampling stages to maximise*	● No sub-samples were taken.

	representivity of samples. ● *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* ● *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
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.* ● *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.* ● *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.*	• Results in this release are from selected samples from the soil, rock chip and channel sampling program, which is all part of an early stage exploration evaluation of the Toral project. The aim of the work programme was to establish the presence of mineralisation. • Samples were pulverised and prepared at ALS Chemex in Spain before being sent and assayed for multi-element analysis using ME ICP 41 (35 element) analysis at ALS Chemex in Ireland. ME-ICP41 is a trace level method by Aqua Regia and is considered an economical tools for first pass exploration geochemistry. Data reported from an aqua regia digestion should be considered as representing only the leachable portion of the particular analyte. ● Samples with over 1% of mineralisation were automatically reassayed using ME OG46 which is a similar aqua regia analysis calibrated for higher grades. ● The work methods, sampling procedure and handling of exploration results have been reviewed by Competent Person, Juki Laurikko. ● No blanks and standards or external laboratory checks have been carried out at this stage as the program is aiming to determine the presence / absence of mineralisation. ● Ferrum Crescent is reviewing duplicate samples and standards protocols. ● No external laboratory checks have been carried out at this stage as the program is aiming to determine the presence / absence of mineralisation.
Verification of sampling and assaying	● *The verification of significant intersections by either independent or alternative company personnel.*	• Juki Laurikko, Competent Person, and Merlin Marr-Johnson, Project Manager reviewed sampling procedure

	• *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Primary data was collected using a supplied set of standard digital templates prepared by Ferrum Crescent. • The field data is compiled, validated, stored and loaded by Ferrum Crescent • No adjustment to assay data has been carried out.
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample locations were recorded using a handheld, high definition GPS, GEOMAX Zenith 35. This gives centimetric accuracy. • Co-ordinates are presented in ETRS89 Zone 29.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• Data spacing for the geochemistry was controlled by the pre-existing geochemical dataset and the decision to carry out infill sampling over 2km. • Data spacing for the channel sampling was controlled by the presence of old adits, and representative sampling was carried out in these adits. • This is deemed adequate for the goals of establishing the presence of mineralisation in the target area • No sample compositing has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• All samples have been included for transparency. • Only channel samples taken perpendicular to the structure have been quoted as representing thickness of the structure.
Sample security	• *The measures taken to ensure sample security.*	• All samples were logged and checked on return from the field, and samples were stored in secured camp buildings or area before being dispatched to the laboratory using a logistics company and managed with a chain of custody.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out at this stage.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
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.* • *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 Toral zinc-lead permit is located near Ponferrada in the west of the province of León, Autonomous Community of Castile and León, Spain approximately 400 km northwest of Madrid. • The project is a licence covering 20 km^2. • There are no known impediments to the licence security.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Between **1975 and 1985**, the Adaro/Peñarroya joint venture carried out exploration on the four separate licences which now correspond, approximately, to the Toral permit area. Over a period of nine years, a topographical survey, geological mapping, a hydrogeological study and more than 40,000m of diamond drilling (62 holes and 41 wedges) were carried out. • Lundin Mining S.L. (Lundin) acquired the Toral investigation permit no. 15.199 in **2007** and commenced exploration in April 2007. Lundin compiled the information collected by the previous licence holders including: o a review of the available geological maps, plans, sections and assays; o surveying old workings, old drill pads, and drill hole locations; and, a study of the existing Peñarroya/Adaro drill holes, description, photography. In addition, samples of drill core were sent to ALS Chemex in Canada in order to validate the reliability of the existing assays and exploration information was digitised. The results of Lundin's preliminary work confirmed the mineral potential of the Toral area. However, it was apparent that the continuity and the thickness of the mineralisation were insufficiently detailed. Consequently, an exploration programme was designed to add information to the data set for a better understanding of the deposit. In 2007 to 2009, seven diamond holes for a total of 4,523.7m were drilled for the purpose of confirming the continuity of the mineralisation in the San Jose area of the Toral permit and also to test the possibility of an extension of the mineralisation in depth (see section 6 below). • GoldQuest acquired the Toral permit from Lundin Mining, in January 2010. • During **2011 and 2012**, GoldQuest conducted systematic geological mapping and soil sampling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Toral permit is located in the West Asturian Leonese Zone (WALZ), one of the

		tectonostratigraphic units in the Variscan (or Hercynian) Orogen of the north-western portion of the Iberian Peninsula. Within the WALZ, the permit area is located in the domain of the Mondoñedo Mantle. The most significant mineralisation is found in the upper carbonate layers of the Vegadeo Formation, at the contact between the Vegadeo Formation and the younger Los Cabos Series. The mineralisation comprises sulphides interbedded in limestones and dolomites, within a silicified facies, and in chloritic breccias. The mineralisation is epigenetic and formed during a metamorphic episode within the Hercynian Orogeny. The sulphide mineral assemblage comprises sphalerite, galena, pyrite and chalcopyrite.
● 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 ● 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.	● Not applicable – no drilling carried out and no drilling results reported.
● 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. ● 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. ● The assumptions used for any reporting of metal equivalent values should be clearly stated.	● The channel samples taken perpendicular to structure in Adit 49 were all short lengths, and a straight average was taken for width and grade.
● 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. ● If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	● Not applicable – no drilling carried out and no drilling results reported.
● 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	● A location plan of the proposed drill programme is included.

	of drill hole collar locations and appropriate sectional views.	
● 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 practiced to avoid misleading reporting of Exploration Results.	● It is the opinion of the Company and of the Competent Person that the information reported here is fair and factual.
● 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.	● It is the opinion of the Company and of the Competent Person that the observations, conclusions, and summary of the work programme included in this report is appropriate and fair.
● Further work	● The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). ● 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 proposed 13 hole drill progamme is discussed in the report, with a plan of platform locations. ● Ongoing mapping and sampling is mentioned in the report.